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CREDIT
and

FINANCIAL MANAGEMENT

DEVOTED TO INDUSTRY FINANCE & COMMERCE



OFFICIAL PUBLICATION OF THE NATIONAL ASSOCIATION OF BUSINESS ECONOMISTS Story on Pages 5 and 27

Coordinate for More Profit, Credit and
New Laws Call For Declares Dr. Wilson
Research and Prosperity Travel Together
And Higher Production Volume Is Result

JULY
Vol. 57



¶ **ABANDONING** its customary conservatism of statement, the Office of Business Economics says through the Department of Commerce, that additional evidence of the broadening of the recovery from last year's levels "indicates the continuation of the expansionary movement," with "the rising volume of output generating more personal income—which is being freely spent."

With gross national product running beyond the record annual rate of \$370 billions, strong consumer demand is being supplemented by increased investment demand, as noted in greater orders for producers' durable goods (autos, refrigerators, television sets, furniture, and the like), and moderate general increase in non-durable goods manufacture (textiles, foodstuffs, etc.). Higher pay, particularly in manufacturing and construction, accounts for the rising personal income rate.

Farm income, however, continued below last year's rate.

¶ **ADVOCATING** as his "purely private opinion" that the required margin on stock purchased be boosted to 100 per cent, thus barring the buying of securities on credit, Sen. William J. Fulbright, chairman of the senate banking committee, charged heavy speculation in stocks was indicated by increases in brokers' loans and short-term trading.

Mr. Fulbright has introduced a bill to extend federal regulation to stocks not listed on the major exchanges, and so to protect investors. He declared that investors in unlisted stocks, "with a few minor exceptions," do not have available information on financial condition of the companies, proxy solicitations and trading by officers and large stockholders.

¶ **AUTHORIZATION** for the Government to make livestock loans to farmers until July 15, 1957, was voted by the Senate.

¶ **SMALL BUSINESS** offices are to be set up in plants having prime contracts of more than \$1 million to help the little companies obtain as much subcontract work as possible, according to Defense Department executives.

¶ **FARM EXPORTS** were 10 per cent higher in seven months of this fiscal year than in the similar period of a year back, and totaled \$1.8 billions contrasted with \$1.65 billions, according to Department of Agriculture estimates. The De-

partment gave as causes the improving economy in many countries overseas and better buying power, plus our Government's turn to more competitive prices on surpluses and a fall-off in crops in parts of Europe.

¶ **PASSED** by the House was a bill that would empower the Government to sue for damages if overcharged on purchases because of violations of antitrust laws. The measure calls for a four-year federal statute of limitations on such suits, and private treble damage actions.

¶ **A LONG-RANGE** program to help 1.5 million farm families improve their economic and social status and that of the nation was placed before Congress by President Eisenhower. The recommendations, forwarded by Agriculture Secretary Ezra T. Benson, call for expanded programs of education, research, technical aid and credit to low-income and part-time farmers.

Also requested are "more effective programs" to provide off-farm jobs in areas of rural unemployment and to induce expansion of industry in rural low-income areas.

¶ **ELIMINATION** of accumulative voting by shareholders for directors of national banks, unless authorized by the articles of association of the bank, was approved by the Senate banking committee in a bill it reported out.

¶ **PERMANENT** certification of existing aviation feeder lines by the Civil Aeronautics Board is required under a bill passed by the House.

¶ **COMMERCIAL** aviation will ring up the best year in its history, according to reports received by the Civil Aeronautics Board, says the new chairman, Ross Rizley.

¶ **WORKING CAPITAL** of corporations entered the year at the highest total in our annals, a recapitulation by the Securities and Exchange Commission shows. Assets of cash, goods in inventory, money to be received, and holdings of Federal Government securities, totaled \$187.3 billions while liabilities were \$91.5 billions, giving a figure of \$95.8 billions of working capital, for a net increase of \$3.2 billions. Assets dropped in 1954 but liabilities showed a larger drop.

In addition to this increase was corporations' investment of \$22.4 billions in renewal and modernizing of facilities and equipment, a total expansion of \$25.6 billions. In 1953, the record year, the expansion mark of \$26.5 was reached.

AN END to federal control of independent gas producers, limitation of crude oil imports and reduction of coal freight rates were recommended by the advisory committee on energy supplies and resources policy.

Regulation of the independents had followed a U.S. Supreme Court ruling that the federal power commission had jurisdiction via the Natural Gas Act for control of intrastate producers selling to the interstate pipeline companies. This was in the Phillips Petroleum case.

As for crude oil, the committee voiced alarm that because of the increasing imports "the domestic fuels situation could be so impaired as to endanger the orderly industrial growth which assures the military and civilian supplies and reserves that are necessary to national defense." In recommending reduction of coal freight rates the committee proposed that the Government speed up efforts to encourage purchases by foreign countries.

Earlier, the House commerce committee had been warned by Hugh A. Stewart, chief of the interior department's oil and gas division, that any halter on residual fuel oil imports would cause shortages or boost prices.

THE PRESIDENT received from the House the bill to permit higher acreage allotments for producers of durum wheat in the Dakotas, Minnesota and Montana. It already had passed in the Senate.

WHOSE BUSINESS is the newspaper, the owners' or the Government's? And why should the Government decide that a newspaper publisher's agreement to pay a minimum of 15 per cent agency commission for advertisements placed in his newspaper is a violation of the Sherman Antitrust Act?

Another attempted wedge toward Government control of the press? That's what the general counsel of the American Newspaper Publishers Association intimated in New York as his reaction to the statement of Attorney General Herbert Brownell, Jr., at a press conference here, that a complaint charging violation of the Sherman Antitrust Act would be drawn against the publishers' association, the Association of American Advertising Agencies and other groups, to stop the general practice of newspapers paying a minimum of 15 per cent commission to agencies on all advertisements placed in member publications.

To Mr. Brownell's "hope" that a consent settlement at "pre-trial" conferences could avert court action, the publishers' counsel retorted that unless the newspapers fought the case in court they would lay themselves open to a federal straitjacket on advertising, and a controlled press like that of Iron Curtain countries.

The attorney general said "many complaints from the outside" had prompted the move against the publishers' "recognition system", one of the provisions in the set of standards established.

On the strength of the first quarter figures, Secretary of Commerce Sinclair Weeks said there was a "good chance" that 1955 will be the best business year in history. He said the final statistics would likely show that the gross national product in the opening quarter had set a new high. The Federal Reserve put its industrial production index at the top level of the last two years.

SHOULD the President and Congress accept the recommendations of Secretary Sinclair Weeks' Cabinet committee, the Interstate Commerce Commission would lose much of its authority to fix rates for railroads, trucks, buses and barge line. The panel's conclusions, on the premise that transportation not only is not monopolistic but has become highly competitive, could give the railroads a setting for vying more effectively with other kinds of transportation.

MINIMUM WAGE orders under the Walsh-Healey Public Contracts Act, for work on Government procurement contracts, must be on a locality basis only, according to a decision by District Judge Alexander Holtzoff, in a ruling on a permanent injunction suit brought by 158 cotton and rayon manufacturers, who charged that an order by Secretary of Labor James P. Mitchell was outside the law when it called for a nationwide minimum wage of \$1 an hour.

PROPOSING an Administrative Court of the United States, the Hoover Commission suggested a broad plan "to separate administrative and judicial functions in federal agencies and thus give the public greater protection against abuses of power and arbitrary bureaucratic action." The suggested court would take over many of the judicial and quasi-judicial functions from the executive branch. The court would have three sections: on taxes, labor and trade regulation.

Another proposal of the Hoover Commission called for reduction of federal air services and decreased use of Government ships. The Commission said the plan could save the Government more than \$150 millions of its \$3 billion annual transportation cost. While the report does not go as far as the Commission's recommendations in the transportation field, it would mean a reduction of Government competition against private interests.

OFFICIAL TEXTS—of all mobilization agency regulations may be had, free of charge, by writing the Information Division of the agency involved, Washington 25, D.C.

THE FEDERAL REGISTER—a Government daily publication, which contains full texts of all regulations, is available from the Superintendent of Documents, also at Washington 25.

Coordinate! — Leader

How Co-partners Can Build Profit Together

CREDIT AND SALES departments, operating in team and at the same level of authority, with the decisions of each final, can improve their company's profit volume, executives agree. The question is: **HOW?**

Steps to reach the point of highest return, proposed by authorities in both areas of basic operation as a panel presentation highlighting the Credit Congress in Chicago, importantly include these:

- (1) Train salesmen in credit, creditmen in sales;
- (2) Establish creative credit policy;
- (3) Meet regularly with sales personnel;
- (4) "Sell" credit prestige to top management.

These and other guides and clues were advanced, as follows:

Incentive Pay to Boost Sales Proposed for Credit Manager

MODERATOR JOSEPH L. WOOD, Assistant Treasurer, Johns-Manville Corporation, New York, New York

THERE could hardly be a more opportune time for a discussion of sales and credit coordination than right now.



J. L. WOOD

Having gone through a period of some 14 years in which easy sales and credit conditions obtained, many of our sales and credit people have either forgotten what it is like to sell or extend credit and effect collections in a competitive atmosphere, or have never known what it is like to do so.

More than ever, therefore, it is of paramount importance that sales and credit people have a full understanding of each other's aims and problems, and the will to work together to accomplish the mutual aim of maximum sales and profits.

A salesman who doesn't understand the many ways in which his credit man can help his sales and, yes, his pocketbook, just isn't a good salesman. By the same token, the credit man who doesn't know that his recognition and, yes, his pocketbook depend very largely, not upon a low percentage of bad debts or a tight turnover of accounts receivable, but upon his creative contribution to sales, is not worthy of being called a professional man.

Old Noah Webster defines coordinate as "equal in, or in the same, rank or order; not subordinate". The act of coordinating, therefore, is one performed by two or more people of equal importance. I stress that because, in order to serve the company's aims to the fullest extent, sales and credit people must act together at the same level.

For many years I was an outspoken opponent of any organizational chain in which the credit function was responsible to the top sales executive. I am not so sure now that this isn't a good thing. It would make the sales and credit functions coordinate. It would emphasize the major purposes of the enterprise. It would bring to the attention of top management the major contributions to the company's success afforded by the credit executive, which can never be shown in the usual reports of credit losses and collection turnover.

The one important condition necessary to the success of such an organizational line is that the credit executive's judgment is final and the sales executive does not overrule him.

Suggests Incentive Pay for Creditman

This is the age of incentives. Management provides incentives to workers for increased production per man-hour resulting in lower costs and better competitive position. Incentive compensation plans are offered to salesmen and sales managers to provide increased sales and profits.

Why shouldn't there be similar incentive plans for credit managers to promote more sales and profits? The question is academic—there *should* be. The credit manager can and does have an important effect on sales and he should be compensated in direct ratio to his contribution.

As most enterprises now operate, there is a limit to the salary a credit manager can earn, and when after several years of service he reaches that limit, thereafter no matter how great his influence on sales he is stymied. Not so the salesman and the sales manager.

For Volume of Sales Over Realistic Base

The credit manager should be able to taste of the fruit of his accomplishments through an incentive plan. Obviously it should not be based upon the rate of his accounts receivable turnover or a low percentage of bad debts.

Both of these yardsticks could have directly the opposite effect of promoting sales and profits.

Just as obviously, therefore, the credit manager should be paid an incentive bonus for volume of sales over some realistic and scientifically adjusted base.

You will say perhaps that this would encourage him to be loose in his credit extension and lax in his collection effort, resulting in high credit losses. I will answer that by saying that no credit manager worthy of being termed a professional man would ever allow that to happen. The few who might would quickly find themselves flat, in a cold world. But if someone were fearful that these dire results would accrue, some qualifying gimmicks could be added. For example, a normal percentage of bad debts to sales might be set and the credit manager required to keep within it or find his incentive compensation penalized in some fashion.

A normal rate of turnover could be an added

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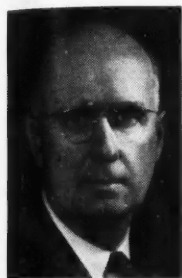
Urge Credit and Sales

Incentive Pay Asked for Credit Executives

Training Salesman in Credit Is First Step in Coordination

P. L. DAFOE, *General Sales Manager, Dexion Division, Acme Steel Company, Chicago, Illinois*

ON Park avenue, in New York, just below Grand Central Station, there is a restaurant called the E & B, commonly known to the people in that area as "Eat 'em and Beat 'em," because they do not give you a check when you order your meal. All you do is tell the cashier what you ate and pay for it. If all business were conducted on that basis, you people would be out of a job and, undoubtedly, before too long a time your companies would be out of business.



P. L. DAFOE

All credit men know that a sale has not really been made until the man's credit has been established and he has paid for the goods.

I want to discuss your duty as credit men and mine as a sales manager, to picture properly to the new men coming into the sales field the important part that credit plays in their work.

Help Salesman to Largest Sales Volume

A new salesman is intent upon making sales—as many of them as he can, and in the largest volume possible. If he is on a commission basis, he knows that volume governs the amount of the check he will get at the end of the month. Even if he is not on a commission, he still realizes that he is going to be judged by the sales he makes and that his salary will be adjusted accordingly. Let's see what we can do to help him in his very natural desire to make his paycheck as big as possible.

The first step should be to make sure that the credit department is well represented in the training course in which this new salesman receives his basic training.

Sessions of the course will give you a splendid opportunity to explain to the new recruit in advance just how the credit department works; how it draws pertinent information from various sources; when the prospect's credit rating does not warrant shipping on open terms; how the department can help the salesman secure the order in spite of credit difficulties.

Refresher Course Is Another Medium

Another opportunity occurs when the salesman comes in from the field for the refresher courses that most companies regularly give their men. After a man has been out in the territory for awhile and has struggled with balky credit problems, he is much more receptive to suggestions from the credit department. He knows now that he needs help, that everything he can learn from the credit department will be of use out in the field. He knows that tips from the credit department can save him time and offer him real money-making

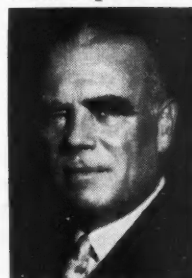
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Creative Credit Policy Wins Sales Support at the Start

HARRY J. DELANEY, *Vice President, John P. Maguire & Co., Inc., New York, N. Y.*

THERE was a time—and not so long ago—when the credit officer was a little man who sat off by himself in a corner and said "No!" If the sales department was the engine which made the business go, then the credit man was the brake that did its best to bring the business to a stop.

The capable modern credit executive considers it his job to find ways of saying "yes." He realizes that, to be successful, he must be a financial man with a merchant's point of view. That is a long step forward in the psychology of credit.



H. J. DELANEY

In many organizations the senior credit executive has become a member of the policy-making group which makes the basic decisions and determines the direction in which the business shall be headed.

Obviously, the credit man is the one best fitted to advise on credit policy. In making his recommendations, he will bear in mind that the function of his department is to help build and maintain a strong and stable network of outlets for the goods and services of his company with a minimum of credit losses. In determining credit policy, however, he will take into account both the character of the industry in which he is operating and the margin of profit which is normal in the trade.

Analyzer of Conditions and Trends

Above and beyond this policy function, however, the credit executive is equipped—by virtue of training, experience, records and sources of information—to be of great assistance to top management in the analysis of economic conditions, the interpretation of economic trends, and in providing much of the data upon which management must base its decisions.

He will be the first to sense, for example, that inventories may be building up, that collections are slowing down, or that demand is tapering off. He should be alert at all times to pass this information along to those in command of the business in order that it may be effectively implemented in terms of production, purchasing and sales effort.

But it is with the sales department that the good credit executive should make the utmost effort to create a constructive relationship. And this is a two-way street—a relationship wherein the credit department can both give and receive.

Credit, in this modern age, is the heart's blood of business. How intelligently and effectively it is administered may well be the controlling factor in successful sales development. It has been truly said that credit helps to create sales and that the credit executive can become his company's most dynamic salesman.

In the well-run enterprise, the long-standing conflict

between the credit department and the sales department is a thing of the past. By a process of mutual education, each department has come to understand the responsibilities and the point of view of the other.

There are many ways in which the credit department can help the sales department. First is establishment of a credit policy that is creative rather than obstructive. If the credit department is going to follow the safe and easy way of relying solely on cold statistics and impersonal reports, of refusing all but the "gilt-edged" accounts, of insisting upon strict compliance at all times with a predetermined code of credit procedure, and of forming arbitrary judgments based upon personal likes and dislikes rather than on intelligent investigation, then the sales department can with justice regard the credit department as its enemy to be circumvented whenever possible.

If the credit department takes as its guiding philosophy that its function is to help the company make sales at a profit, then it will be found that a basis of mutual understanding will have been established which will redound to the benefit of both departments.

Vital to this mutual understanding is convincing the sales department and its personnel that the credit department is genuinely interested in them as individuals and in the success of their jobs. Personal contact should be established and constantly maintained between the two departments. The credit executive, as a matter of course, should attend important sales meetings, be familiar with sales policies, and aware of sales problems.

Educate Sales Staff on Credit

Equally important is the education of sales personnel in the fundamentals of sound credit administration. It is comparatively easy, for example, to point out from actual credit records that no sale is profitable until it is paid for, and that credit sales become progressively less profitable the longer payment is delayed. It can be shown too, that an account that is unprofitable to the company will almost certainly in the long run prove unprofitable to the salesman—a waste of his time and effort.

It can be demonstrated beyond doubt that a "soft" credit policy does not, in fact, generate increased sales, that it may, indeed, have an adverse effect upon sales volume as more and more accounts become top heavy and new purchases are stymied by unpaid back accounts.

When it does become necessary to refuse a credit application, it is well worthwhile to take time to explain to the salesman the adverse factors and why acceptance of a credit risk is inadvisable.

In some instances it may be possible for the credit department to suggest a formula—staggered deliveries, the use of trade acceptances, or some other device—by which the business can be salvaged.

Salesmen can be helped, too, by suggestions as to new leads or new territories suitable for development, by the use of the credit department's investigative facilities, and by preinvestigation of potential accounts to determine the right approach and how much to sell.

"Spot" Information from Salesmen

In return for this, the credit department can frequently benefit from "spot" information provided by the sales force. If a cordial understanding is established between the two departments, the salesman will be glad to answer questions about customers and potential customers. He can tell, from personal in-

(Concluded on page 41)

Meeting With Sales Forces Outrates Library of Tomes

JOSEPH S. STRECKER, *Manager, Central Region, General Electric Company, Chicago, Illinois*

OUR scientists, engineers and production men deserve tremendous commendation for making the many products available that provide our high standard of living. Putting them to actual use, however, has been due in a large measure to good selling.

There are numerous relatively important factors in selling, but little could have been accomplished without our greatest selling tool—our credit system. This system makes it easy to buy, easy to possess these many things that contribute so much to labor saving and convenience in our businesses and in our homes.

Without credit there would be no mass distribution, as we know it today.

Very early in my business life I acquired a deep and lasting appreciation for our credit system and a high regard for those in this part of our economy. I have also learned that using all the benefits and advantages of our credit system entails real responsibility. This is true for the salesmen as well as the creditmen.

Successful salesmen generally are good businessmen and understand that a sale on any terms other than cash is in effect a loan of company assets and involves a risk. He should know, too, that he has some responsibility for bad debt losses, which can and often do affect his income.

When a salesman has a good understanding of the basic factors essential in extending credit, his sincere, unbiased reports can be of immeasurable value in determining the best course to pursue.

More business failures are attributed to inefficient management than to any other single factor. Credit men often are removed from the account by great distances. Many credit men never actually meet the principal of the account. Under the circumstances they have no real opportunity to measure management efficiency by close observation.

Salesman Can See Vital Factors

The salesman living with the account is in a position to observe many factors that are vital, conditions that could easily change a good risk to a bad one but do not necessarily appear in the financial statement. Alert salesmen with good knowledge and acquaintanceship in the local market will discover developments that may very well be danger signals. Quick action in transmitting this information to the credit department can often bring about corrective measures before the situation can become disastrous.

A salesman's reports should include comments on the physical property, its location and condition, the facilities, equipment and stock, and the morale of the organization.

The treatment of customers, the interest of the principals in developing and expanding their business, as well as their ambitions, aspirations and objectives, are also important elements to be considered. A once thriving business may show signs of decline because of inability or lack of desire to meet competition vigorously. Other unrelated ventures may be diverting interest and assets from the main enterprise.

These are only a few of the many factors which you



J. S. STRECKER

all know so well are important in the extension of credit.

Libraries contain many volumes devoted to what salesmen should know about our credit system and what they should do about it. There is probably an equal quantity of material dealing with how credit men may effectively work with the sales department.

But too often this information is not widely distributed or assimilated.

An understanding of these mutual elements could be more easily accomplished in periodic meetings of the sales and credit departments.

Salesmen would appreciate a simple non-technical explanation of how our credit system works in relation to sales. Information of this nature would be extremely helpful to them in evaluating the risk. It would also serve to broaden the salesman's knowledge and understanding. It would help maintain his interest in the credit status of his accounts and would encourage sincere and uncolored reports on old and new business as well.

Credit men and other members of the financial department should attend sales meetings and have a place on the program. The exchange of ideas and views always increases our knowledge of a subject, especially if some time is provided for discussion.

Perhaps even more important is the friendly atmosphere and cooperative spirit we can create because we utilize the most essential ingredient in our society—human relations.

When the credit and sales departments have a mutual confidence and cooperate to the fullest extent, they can achieve undreamed of heights of success.

Forecasts are that America's largest growth still lies ahead. The combined power of the credit and sales organizations of this country will help keep America great.

Credit Must Sell Itself Or Sales Coordination Suffers

ROBERT L. ALLEN, *General Credit Manager, D. Ghirardelli Company, Inc., San Francisco, Calif.*

FAILURE of Credit to sell itself may be part reason why Sales and Credit coordination is not complete.

How do we arrive at this closer coordination? Do sales personnel know that credit is the other half of the team? Do they know that the top consideration of credit is the conservation of future sales? Do salesmen realize that when credit rejects a sale it is to protect the business from a loss, and that credit welcomes mutual understanding of the reasons for refusal? Do salesmen know that credit can admit a wrong conclusion, and that it can gracefully accede to a change in its



R. L. ALLEN

policy? Have both sales and credit realized the difference between discussion and argument? Have they both learned that when there is a parity of responsibility, arbitration, reviewing before management, is far easier?

There are many other differences, but if even these few questions could be answered satisfactorily, for both sales and credit, the coordinating would be far simpler. Sales undoubtedly has as many pertinent questions

of credit, and only by mutual agreement can a full understanding come about.

Sales often are made to a purchasing department whose personnel are trained in the needs, requirements and cost of the product to be purchased. Because of technical requirements and specific uses, the sales effort is aimed at these trained buyers. Not so with the completion of the sale, its collection. This may be a routine matter of accounts payable, but failure to pay after the first collection attempts means a direct appeal to management. At this level, the credit department can do much for future sales by an understanding, diplomatic handling of the collection.

The role played by credit in its establishment of working credit limits, statement analysis, and financial investigation, can be of great help to sales in its projection of sales potential. The personal contact of Credit with a customer can, if properly done, also help Sales.

Credit Has Not Sold Itself Forcefully

But there is another area, fully as important, one which we credit people have not approached as forcefully as we might. Credit has not sold itself to management. How many cases do you know of, particularly in smaller and moderate sized businesses, where management is not fully aware of the real value of Credit in its operations?

Credit is the investment councilor for the salable inventory of a business. Its responsibility is for the recovery, within its approved terms, of these investments. Its functions are as important as those of Sales, for no sale is completed until the bill is paid.

When businesses were small, Sales and Credit worked hand in hand, because one man handled both and he knew an unpaid sale did not pay his bills. After businesses grew, and competition became keener, disproportionate emphasis was placed on the order. Management placed Credits as an adjunct to other office details. The order was first and its collection often a hope.

Complete Understanding Needed First

When a buyer's market forced management to establish some more formal method of collection, it had no trained personnel to take over the job, and all too often the credit department "grew like Topsy."

Today, the credit departments of many businesses are still laboring under the handicap of a lack of full understanding of their importance by management. Until this understanding is reached, complete coordination is not possible. Until credit is granted a parity with sales, it cannot best improve the sales-credit relationship. Credit has much to offer in this business picture. The presentation of its case may be faulty, and all too often there is no presentation made.

Increased effort on the part of Credit to sell itself can only result in closer coordination between credit and sales. The demand for the completed sale is still ever present.

JOSEPH L. WOOD

FROM P. 8

criterion, but unless this were of considerable importance to the financial position of the company I would not favor it, for it might militate against the aim of increased sales.

In any case I am convinced that the idea of incentive compensation for credit managers is sound and important, and would result in great benefit not only to the credit and financial management profession but to the American way of production, sales and profits.

Let's coordinate!

A Problem and How It Was Solved

A Feature Series on MANAGEMENT AT WORK

ONE of the responsibilities of management in the electric supply business is to make certain that the sales and credit departments work closely together when one of the company's accounts begins to look as if it were slipping financially. I allot much of my time to these two departments, going over accounts that appear to be struggling to meet their responsibilities. As a result, I have been able to assist several companies to get back on their feet.

One account, which had done a large volume of business with us for many years, abruptly began passing up his cash discounts, then became 60 days slow. Looking through the sales records I noted that the company had been consistently the low bidder on 90 per cent of the larger jobs in the area. This did not make sense in this day of keen competition in the electrical contracting business. In discussion of the situation with our sales representative assigned to this account, I learned that one of the principal owners of the concern had gone into semi-retirement because of poor health and a new man was heading the estimating department.

Calls Owners to Meeting

The next immediate step was to phone the customer for an appointment and then take the next plane out, for a first hand study of the complications. On my arrival I called a meeting of the owners of the business, who were much concerned with the predicament in which they found themselves.

One of the members of the firm was determined that they should maintain a large volume of business regardless of a normal profit margin. This, I pointed out, could become disastrous to them, as some of their contracts required from 12 to 18 months to complete, whereas the

By L. H. KOOGLE

President

Triangle Electric Supply Co., Inc.
El Paso, Texas



large overhead required to supervise and handle their jobs was one factor contributing to their problem.

Detailed analysis of their records brought the surprising discovery that they did not have a complete cost accounting system that would cover each job as it progressed.

I suggested adaptation of a system that was being used by some of our other contractor customers. At a glance this plan would show the progress on each job: the amount of material and labor already used, the estimated amount necessary to complete, the time to complete, the amount of money already drawn, and the amount due on estimates, along with the due dates. Preparation of this information would take some time, at least a week, so I suggested it be given top priority.

Besides exacting a promise from them that they would not contract for any large new work for at least 90 days, I suggested that their chief estimator be required to do the job

progress cost accounting in cooperation with their bookkeeper. This, I pointed out, improved the accuracy of the estimating and would make this department more efficient when the company began going after jobs again.

I proposed weekly meetings of management, foremen, bookkeeping and estimating department personnel, that job progress reports be carefully made up and studied so that everyone would know just how much progress was being made and how much labor and material would be required to complete each contract. I was fearful that they were losing money on some of their contracts. The partners had the same misgivings, but could not put their finger on the cause. I pointed out that under the system outlined they would definitely know where they were going.

Banker Finances Payroll

After much discussion they agreed to the plan, and we went to the local banker. After the program was outlined he agreed to finance the payroll. I then phoned three of their other suppliers and explained the conditions and arrangement. They all promised to extend time on the past due amounts and to ship all material for which they held orders, so as not to hold up progress on the various contracts. However, we all agreed that the company should not contract for any additional large contracts until such time as it was in a position to handle them.

After 30 days I called a meeting of all interested parties, including the competitive suppliers and the banker. We learned that much progress was being made under our new plan. Part payments were made to all of us, and

(Continued on page 15)

*Competition
to Build Self
Not to Tear Down
Others Activates
Leader's Credo
Founded upon*



FAITH AND INTEGRITY

SPEAK softly, but carry a big stick."—An essay based on the maxim-maker's "The Strenuous Life" won an oratorical contest for a college sophomore, and the newspaper clippings of the victory were requested for Mrs. Theodore Roosevelt's memoirs. More important to us than that campus theme of Paul J. Viall is the fact that the adage commonly attributed to the revered Teddy of San Juan Hill is a fairly accurate seven-word profile of the new president of the National Association of Credit Men.

And the title of the source book is descriptive of his early years and those of his forebears, back to the 1640s when a Norman Frenchman landed in Boston from England. Strenuous indeed was living on the small farm in upper mid-Pennsylvania where Paul's father was born in 1869. Because tradition of the community allotted to the parent a son's earnings until he was 21, O. H. Viall at 18 arranged to pay \$150 in settlement, left home for the rugged tasks of a logger, and in a year was foreman. Then he moved to East Tennessee to work in an uncle's sawmill.

When a railroad went into construction from Bristol to Carter and Johnson

counties he went on to Maymead at the head of the rails to go into business for himself, with a lumber yard and a general store. Here Paul Viall was born. Here also credit operation came into the family experience. The only other business was run by the railroad agent, from a boxcar. Recalled are stories of loans of express and freight money to pay for lumber inventory—and the frenzied accounting before visits of the auditor.

Paul was 8 years old when his father established a planing and retail lumber business in Elizabethton. "For me," he remembers, "there were always summer chores. I spent many hours on my knees plucking the smallest weeds from father's vegetable garden. And that cow had to be milked"—that is, until he "sold" the task to his younger brother for a 50-cent bonus, and thus released his Sunday afternoons for roaming the fields with his three guns and red pointer bird dog.

Representing his high school at Emory and Henry college's annual declamation contest was a turning point—abetted both by an interest in law engendered by the success of an attorney-uncle who had worked his way through Syracuse University, and by the urgings of the high school superintendent. When his father lost all in a business transaction, the col-

lege career halted, but only for a year on a newspaper. Came calls for his return to play football and from the president to do promotion pieces as alumni secretary—and the degree was achieved.

The Blue and the Gray

It was on a train to a college YMCA conference after the oratorical contest that the incident occurred that "had a rather far-reaching effect on my later life," Mr. Viall tells us. An uncle-in-law (both in relationship and profession) had asked for particulars. A passenger across the aisle, overhearing the conversation, expressed the thought that it was "unusual that the speech of a Republican president had won a contest in the Democratic South." The inquirer, editor-in-chief of the *Boston Transcript*, had been a Washington correspondent in the Roosevelt administration.

Following graduation came a period of handling classified advertising for the newspaper in his new home town of Johnson City, Tenn., for which he earlier had done reporting. A short session of selling houses proved uneventful, though "the Ford was fine and the money was comforting," and so he betook

himself to Boston and the *Transcript*.

In Johnson City is East Tennessee State Teachers College (then called the "Normal School"). With the enrollment largely women students, the college president "ruled the campus with an iron hand." His daughter, Norma, was an acquaintance of the young newspaperman, but only casually so—until in Boston a Harvard graduate student, former professor at Emory and Henry College, invited him to accompany him to New York to visit his sisters and several other Southern girls rooming together while attending summer school at Columbia University. One of the group was



Norma, then teaching public school music in Chattanooga.

So it was more than the mountains of Tennessee that called him back to this state of his boyhood. The call was pinpointed to Chattanooga, and to the one who this summer became the gracious first lady of our National Association.

Enters Sales Department

One of the owners of the Chattanooga Medicine Company had accepted the chairmanship of the Community Chest Fund drive. He was seeking a man of experience to write newspaper articles describing the participating agencies. Paul Viall began these duties August 1, 1926.

The new N.A.C.M. president's well-known interest in sales began with his first tasks at the Chattanooga Medicine Company. When an opening appeared in the credit and collection department he came under the tutelage of W. F. Smith, former N.A.C.M. director. Advancements followed in steady succession—to manager of collections, assistant secretary, assistant treasurer, then treasurer and

a director. He is also a director of Brayten Pharmaceutical Company and Tex-Tex Corporation.

The Vialls' son Paul J. Viall, Jr. ("Jack") is at 25 a father ("Paul III, of course") and a student in the school of architecture at Georgia Tech, after graduation from Vanderbilt University and two years in the Navy. The daughter, Norma Gordon, 16, is a Junior at The Girls' Preparatory School in Chattanooga.

Church, Civic, Industrial Activities

Mr. Viall's wholehearted interest in church progress (member of the finance committee of Centenary Meth-

odist and permanent member of the commission on stewardship after 25 years as a steward) is complemented by varied industrial and civic activities.

He is first vice president and treasurer of the Chattanooga Manufacturers Association; vice president and director, Controllers Institute of America, Chattanooga Control; member of the committee on money and credit of the National Association of Manufacturers, and chairman of the Chattanooga Kiwanis Club's distinguished awards committee.

At the Riverview Golf and Country Club, of which he is a director, he shoots lefthanded. And what scores? "On my home course in the 80's; on other courses I just shoot."

A Fundamental Philosophy

Knowing Paul Viall and "the strenuous life" of his boyhood and early professional years, one sees that his philosophy of living, simple and fundamental, is as solid and enduring as Credit itself.

"Two dominant influences in my life," he explained to us, "have been

my mother's steadfast religious faith and my father's fine integrity. Activity in my church is indispensable to my life. I hold priceless the confidence of my friends.

"I was trained to work and I have endeavored to qualify myself for greater business opportunities as they have arisen, but at the same time I have found much satisfaction in trying to help others and have sought no advancement at the expense of others.

"I believe firmly in competition, but competition in building one's self, not in tearing down another. The Golden Rule is a pretty good one to live by."

That, too, is Credit at its best.

Fernald, Reelected, Outlines Foundation's Expansion Plan

CHARLES E. FERNALD, partner in Fernald & Company, certified public accountants of Philadelphia, and executive vice president of Lea River Lines, has been re-elected president of the Credit Research Foundation of the National Association of Credit Men.



C. E. FERNALD

Also elected at the meeting of the Foundation's board of trustees, in Chicago at the 59th Annual Credit Congress, were: J. Allen Walker, general credit manager, Standard Oil Company of California, San Francisco, and new vice president N.A.C.M. western division, named vice president on professional development and education; Earl N. Felio, treasurer, Colgate-Palmolive Company, Jersey City, N.J., selected as vice president for research; and Victor C. Eggerding, assistant treasurer, Gaylord Container Corporation, St. Louis, a past president of the national association, named vice president for finance. R. Lynn Galloway, credit manager, Eastman Kodak Company, Rochester, N.Y., will direct membership, promotion and regional meetings.

Outlining the Foundation program for the current fiscal year, President Fernald noted plans for expanded development of educational activities, to meet the all-important challenge of "education for management," and widening of research activities.

PRESIDENT L. H. Koogle of Triangle Electric Supply Company, El Paso, Texas, which he started 10 years ago, was elected a director of the National Association of Credit Men, at the Chicago convention. He has been in the electrical supply business for 30 years.

Active in the Tri-State Credit Association for the last 10 years, he served successively as a director, vice-president, president and counselor. In National he has been on several committees.

Mr. Koogle's interest in the wholesale division of the Chamber of Commerce has been reflected in the work of its committees. As a director of the Sales Executive Club of El Paso he has done much to effect closer relationship between the sales and credit departments.

L. H. KOOGLE FROM P. 8

everyone was encouraged. Analysis of the contract jobs revealed that some of them would entail a loss, a few with luck would break even, and on several a small profit could be made. We checked the inventory and suggested it be reduced considerably.

After 90 days such improvement was being made that no creditors' meeting was needed.

This company is now doing fine—and it is not always the lowest bidder. There is also a certain measure of satisfaction in the conviction that a good business was saved from failure.

Loose Credit Policy Blamed For Electric Industry Ills

Sales of electrical supplies are no more the province of banks than lending money is the problem of the electrical distributor, notes Frank DeWalch, executive vice president and treasurer of Southern Electric Supply Company, Houston, who lays the industry's ills at the door of distributors who accept the credit of anyone offering it and carry delinquent accounts month after month.

Southern Electric's DeWalch, subject of a feature profile in *Electrical Wholesaling*, finds from experience that a "tough credit policy" is protection to all concerned—to the distributor, the contractor, and the industry. "No one gets credit until it is verified he is a good credit risk," states Mr. DeWalch. "The contractor with character and capacity but short on capital is helped as much as possible but by not giving credit to fly-by-nights, we're protecting our good accounts who pay their bills and go to a bank."

American Credit Insurance

AND

The Case of the Timely Advice

THIS is an illustration of the manner in which American Credit can often help initiate action for the benefit of its policyholders. Whatever the size or the nature of a business, situations like the one outlined here can arise.

In the present case, the policyholder had previously obtained an increase in the credit limit on a single customer, up to a coverage of 150 thousand dollars, with a ten percent deductible. Some time later, the policyholder's Credit Department contacted us through routine channels about a proposed extension of time on the account. The total outstanding at that time amounted to slightly more than 120 thousand dollars.

Before deciding what should be done, we suggested that an investigation be undertaken through one of our own branch offices. With the facts in the case fully established, the policyholder agreed with us that an extension was actually inadvisable, and authorized us to proceed with efforts to collect the amount past due. No payments were forthcoming, and in the meantime, other creditors had come forward. Preparations were made for immediate suit.

As a result of our activities and the activities of other creditors, the debtor made an effort to find a purchaser for his stock, in order to ward off complete disaster. Such a purchaser was eventually found, and negotiations were begun for settlement of the claim. In the meanwhile, we paid our policyholder slightly over 100 thousand dollars, thus forestalling any possible curtailment of operations due to shortage of fluid capital.

Eventually, with the concurrence of our policyholder, a settlement was made with the purchaser of the stock for payment of the greater part of the original debtor's account. Thus, through the timely advice of American Credit, a happy ending was written to a story that might otherwise have terminated in misfortune.

Whether you are doing business with a few large accounts or a great many small ones, you too will find new assurance in the knowledge that your accounts receivable are protected by insurance to at least the same extent as your buildings, your machines, and your shipments. For your copy of a new booklet: "Credit Insurance, Its History and Functions," write Department 30, First National Bank Building, Baltimore 2, Maryland.

American Credit Indemnity Company of New York

Research Points Way to Fill Valleys Of Production with Jobs, Says Blough

ONE agency certain to fill the valleys of industrial production and maintain a prosperous progress is a "planned and adequately financed program of product development, of process development, of market development," says Roger M. Blough, new chairman of the board, United States Steel Corporation, New York.

Without industrial research—"guided ingenuity," Mr. Blough calls it—capital investment and credit "cannot fully utilize human skill and ingenuity and, standing by themselves, do not permit human energy to be most effectively employed in our industrial process."

Mr. Blough, who addressed the final session of the 59th Annual Credit Congress of the National Association in Chicago, had come into the chairmanship of U. S. Steel on Benjamin F. Fairless' resignation so close to convention time that the programs were already off the press listing him as vice chairman.

Industrial research, financial management was told, is the additive or catalytic agent required in our production system "to insure as fully as possible that labor, credit and capital investment are employed in building the right kind of facilities, in producing the right kind of things—things that are needed, wanted, and things which will sell. It is, in the language of this study, the devising of superior techniques and processes and more and better machinery that multiplies human effort, which are the 'real causes' of our increased productivity."

"If we were to invest year after year in the self-same tools and produced tomorrow the self-same articles we produced yesterday, we could undoubtedly keep on selling some of them. To those who did not have the gadget in the first place, or to those who needed a replacement because the old one wore out, we might sell another. But unless we devised a new or more useful and more serviceable gadget, our market would wither away.

"Mere replacement of identical tools, identical plants and identical products is not, then, enough. We need that additive, and today we have it."

Mr. Blough first posed a question: "It is said that the highway to Hades is paved with good intentions. Is it too much to say that the highway to

industrial heaven is paved with good inventions?" Industrial research, he went on, provides some form of additional knowledge that figures in practically all improvements of industrial processes. The "continual flow of rewards" is expressed in mass production (a largely American phenomenon), in reduction of waste of time, effort, money, materials and human life.

A further role, little recognized, is that of "aiding in the leveling out of the dips and even the abysses of our national economy," he emphasized. He traced the causes of the valleys.

In America's free enterprise system the customer, not a political state, decides what he'll buy and

a coincidence that in that decade "American industry spent on product and process research almost three times the total of all expenditures for the same purpose in the previous history of the United States."

In terms of some everyday items such as new type fountain pens and power lawnmowers, there was new development or complete redesigning after World War II. And in the last nine years "the outlay for industrial research has amounted to something approaching \$13 billions, compared with an estimated \$4.5 billions from 1776 to 1946."

Another "coincidence": Parallelizing the record expenditure for re-

"Atomic energy, as a source of civil employment, is in a period of gestation. Yet none of us will have to be an exception to the actuary's calculations in order to be around to witness the birth of a whole new industry devoted to widespread application to manufacture and locomotion.

"Where that industry will lead, only the most far-seeing of minds can foretell. I am glad that some of those minds are now engaged in American industrial research."

Roger M. Blough

where, what shall be produced and how much. When the customers feel they no longer need or want a product, a production valley in that product occurs. Its workers lose part or all of their pay, and this in turn could create a production valley of items they do need, because of inability to buy.

From Line Buck to End Run

"Now when you're bucking the line against consumer resistance or customer apathy with one product, it doesn't make sense to try another line play by ramming ahead with the weight of more production. Research provides a way of switching to an end run with a new product, or with an improved, more useful and more attractive product."

Another Blough question: "Is consumer confidence made up of a high percentage of consumer desire adequately titillated?" And another: "Is it only a coincidence that the last decade, with the exception of Korea, has been one of America's best economic periods from every economic point of view?" And is it

search, this April's employment totals showed the number holding jobs was the highest ever, 62 millions for that month.

The steel executive drew some sharp contrasts in the miracle of American production. In 1946 only 7,000 television sets were sold; 7 millions were bought in 1954; now there are sets in 32 million homes. And in the background were the "years of application by many minds in the research laboratories." A decade ago there existed only a few of the wonder drugs and vitamins that today are produced in millions of pounds by thousands of workers. Frozen foods: not even a Government price index until late 1950. Air conditioning: 11,000 units sold in 1940; more than a million now, and all figuring in employment. Plastics: now a capacity of 4.6 billion pounds a year, and "most of the new plastics are not old enough to vote." There are jet engines and jet aircraft, an entirely new industry: atomic energy.

Mr. Blough related that U. S. Steel

A reprint in booklet form of the complete text of the address given in Chicago by Roger M. Blough, chairman of the board, United States Steel Corporation, before the 59th Annual Credit Congress of the National Association of Credit Men, has been made available without charge. This is Mr. Blough's first address as chairman. Biographic highlights were published in our May issue.

Write Editor, Credit and Financial Management, 229 Fourth Ave., New York 3, N. Y.

alone had developed and produced commercially 300 new and different steels out of the company's research and development activities, steels which improve other industrialists' production procedures, one of them enabling the electric power industry in the last 25 years to cut in half the amount of coal needed to generate a kilowatt of electricity.

Through the record, Mr. Blough said, ran a tied-in story of the tendency of expanded and diversified industrial research to create new jobs and even-out employment.

Source of new products, better ways of living, more leisure moments and greater safety, industrial research "will prove to be an increasingly valuable aid in creating and sustaining jobs." Nor is research confined to laboratories; it is "found first in the mind of an individual—perhaps a boy tinkering with a bicycle." It is, like liberty, everybody's business, a state of mind, a way of thinking. In industry it is organized initiative; in great laboratories guided ingenuity. All this Mr. Blough summed up in the following appeal:

"As credit executives, give research your full confidence; back it with your credit dollars."

Copes Resigns NRDCA Post

Raymond F. Copes has resigned as general manager of the Controllers Congress of the National Retail Dry Goods Association, to go with Meier & Frank Company, Inc., Portland, Ore., as controller.

Ehlers Heads Management Unit

Kenneth B. Ehlers, formerly controller, has been named secretary of the American Management Association, New York.



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Answering Critics of Business Ethics

Standards Higher Than New Laws Ask, Declares Dr. Wilson

WHILE the ethical standards of business today are at an all-time high, many of the present generation of management could make salutary use of a return to the courage exhibited by their progenitors of past generations in facing up to vital issues, in the opinion of Dr. Robert E. Wilson, chairman of the board of Standard Oil Company (Indiana).

Answering the "continuous barrage of wild charges by left-wing columnists and radio commentators, and accusations by politicians against many companies or even whole industries," Dr. Wilson in Chicago told the delegates to the 59th Annual Credit Congress of the National Association of Credit Men that "the ethical standards presently acceptable to the business community substantially transcend those set even by our newer laws."

Urging younger executives to accept their moral responsibility to fight for sound principles, the speaker asked if "we have become so obsessed with the desirability of making friends that we are unwilling to make any enemies, even of the right kind."

Many developments could seem to point to a "general retrogression in the ethical standards of our generation," Dr. Wilson said. He cited the Kefauver investigation of vice, the revelations a year ago of bribery and unethical use of influence in the Reconstruction Finance Corporation and the Internal Revenue Department, the cases of corruption of collegiate athletics by gambling, the decline of our standards of international morality "so far that when some nation abrogates a treaty or nationalizes an industry, few newspapers bother even to discuss whether or not the nation had the right to denounce the treaty in accordance with its provisions, or whether or not the nationalization was in violation of a firm contract."

Corruption Not Accepted

To all this Dr. Wilson's answer was that "Americans generally do not accept or condone either private or official corruption."

As for modern business, high ethical and moral standards do exist and must exist, the industrialist said, "to make possible the efficient production and distribution of nearly

\$375 billions of goods and services annually in this country." On the stock exchange "billions of dollars in goods and property are exchanged by a word or a sign," and "the same is true among bankers." In his own company, credit sales exceed \$1.3 billions a year to more than a million different individual and corporate accounts with a bad-debt loss of one-fiftieth of one per cent.

Then why, Dr. Wilson asked, has the Government in the last two

"In most of the elections in recent years where there was any clear-cut issue between a corrupt administration and one that gave assurance of a thorough housecleaning, the corrupt machines were almost universally swept out of power, regardless of party."

"I believe that trend is continuing."

Dr. Robert E. Wilson

decades filed so many hundred suits against large corporations or even entire industries?

"One reason is that our federal bureaucracy has for many years been overrun with so-called bright young men who are 100 per cent for the 'planned economy.' As part of a studied campaign to substitute socialism for free enterprise they want to discredit private business management if they can. They use their positions to create dissension between government and business, to spread fallacies regarding business, and to harass business with complicated and conflicting regulations and litigations.

"With the death of the Office of Price Stabilization about two years ago, business got rid of 1,600 orders using a total of over 3,000,000 words.

"The Manufacturers' General Ceiling Price Regulation, known as CPR 22, including its 33 supplementary regulations, covered a total of 206 pages, or about 221,000 words."

Vagueness Called Intentional

Dr. Wilson charged that some laws and regulations are intentionally vague so that no one can tell what is legal. "As Lowell B. Mason, Federal Trade Commissioner, has said, the legality or illegality of any price

now 'rests not on law, but on the whim of bureaucracy.' Mr. Mason ought to know. Justice Robert H. Jackson of the Supreme Court said in a dissent, 'The law of this case, in a nutshell, is that no quantity discount is valid if the Commissioner chooses to say it is not.' Businessmen must guess, at their peril, what the law is supposed to be at any given moment. One law—the Sherman Act, which intelligent industry welcomes as a necessary part of American competitive enterprise—bars agreements in restraint of competition. But now we're getting more and more laws and commission orders that sharply limit the ways in which we can compete. The idea seems to be that we must compete, but that no one must be hurt or lose any business in the process! The public interest cannot be served by such 'soft' competition."

No Proof of Lowered Standards

These inconsistencies, he said, prove that governmental attacks or suits "by no means disprove the existence of high ethical standards in business."

Great progress has been made in ethical relations with employees and in social responsibilities, he declared. "In the fulfillment of contracts, written and unwritten, between capital and labor there is no doubt in the public's mind as to which one keeps the better faith. Yet from some labor publications there is as much vilification as ever. This is not because labor leaders are such immoral fellows, but because they follow the philosophy that 'the squeaky wheel gets the grease,' which has worked so often and so well for them in the past."

Factors in Business Progress

Dr. Wilson listed these six principal effective factors "which have been steadily improving business ethics at a time when moral standards in several other parts of our economy have apparently been deteriorating."

(1) "The depression exposed and eliminated many whose standards had been inadequate, and posted many conspicuous warnings for the present business generation.

(2) "Public sentiment, demanding

the highest standards of conduct for those handling or administering other people's money, made itself felt not only by legislation but also by insistence that only men of proven integrity be placed in responsible business or financial positions.

(3) "Business can be carried on far more effectively and promptly when honorable men are dealing with one another. If a business is to grow and prosper, it must be firmly rooted in fair dealing.

(4) "Most men attain the leadership of our large corporations today by a long process of step-by-step promotion in competition with others. Such men would be foolish if they did not regard their honor as of far more importance than any dishonorable profit.

(5) "Most of today's managers of our larger industries and businesses are essentially professional men rather than owners. Such managers are less concerned about immediate large earnings and more concerned about factors of importance for the long pull, such as employee morale, consumer confidence, and public opinion.

(6) "Our churches and colleges are the institutions which have fed the fires of idealism in a material world. They have done more than all the others put together to create and preserve our great American traditions of personal integrity and individual freedom."

(Biographical highlights of Dr. Wilson's business and science career were printed in March CFM)

Surety Association Reelects Cathcart Executive Chairman

E. Kemp Cathcart, vice president of Maryland Casualty Company, has been reelected chairman of the executive committee of The Surety Association of America, and J. A. Swearingen, secretary of Aetna Casualty & Surety Company, is committee vice chairman.

Warren N. Gaffney was reelected general manager of the association. Also reelected were John L. Kirkwood, deputy general manager and secretary, and E. Vernon Roth, secretary.

Helping the Handicapped

Dr. G. Roy Fugal, manager of employment practices, General Electric Company, New York, is chairman of a committee of 26 industrialists named by the National Association of Manufacturers to work out ways to encourage employment of the physically handicapped.

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A Service Available Through Subsidiaries of
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RHYTHM-ADD CLASS in session at J. Henry Schroder Banking Corporation, New York. The Monroe Calculating Machine Co. method of adding-machine operation was developed to increase speed and reduce fatigue of the operator.

Bank Staff Goes to Equipment School And Output Rises 40 to 60 Per Cent

CLOSELY linked into the answer to getting the most out of equipment may be a company training program to improve employee skills. An example is the Monroe Rhythm-Add course held at the J. Henry Schroder Banking Corporation, New York City, the double-charged purpose of which is maximum employee and machine efficiency.

"We consider our supervisors to be the most important group in our organization," Erich J. Waldek, assistant vice president of the banking corporation, told CFM, "and consequently we provide them with every possible means for doing a better job. Among the things we do for them is to improve the ability of the people assigned to them to turn out better work."

Having experienced satisfactory results with a program that began with typewriting classes for typists whose abilities were below a desired standard, the company also has regular classes for improvement of technical skills as required within the various departments. With this background they have sponsored a Rhythm-Add Course, with the Monroe Calculating Machine Company, Inc., providing the equipment, material and instruction.

The Rhythm-Add technique of adding machine operation developed by the Monroe company is likened to the introduction of touch typewriting. After 10 hours of instruction, as has been given in many organizations, operators have increased their production 40 to 60 per cent with some going still higher, and fatigue

has been reduced. "We are highly pleased with the improvement in the use of adding machine equipment in the various departments," reports Mr. Waldek following completion of five-hour courses given at the Schroder offices. "All personnel taking the course were very enthusiastic." The assistant to the personnel manager also was assigned to the class for the purpose of continuing the instructions from time to time under company direction.

Farmers Need Support: Kline

IF WASHINGTON politics is to decide just how much each farmer can produce, "smart young men and women are not going into agriculture," says Allan B. Kline, president of the International Federation of Agricultural Producers.

The former president of the American Farm Bureau Federation, who returned from a European survey tour in time to address the Chicago convention of the National Association of Credit Men, urges that "the best possible amount of individual decision" must be left to agriculture if there is to be a successful program for the American farmer.

Government supports are essential to agriculture today, he told the credit and finance gathering, but not at the expense of authorizing federal bureaucrats to fix the amount each farmer may grow.

A number of the elements of the status of the agricultural business

"have their counterparts in the rest of the American economy." The farmer "is in a good financial position" in comparison with other periods in our history, but "there are many bad spots."

"The situation in American agriculture as a whole is pretty good," Mr. Kline observed. "The efficiency of the farmer is very rapidly improving. Diets are even improving." The farm price decline, he added, is alleviated somewhat by the fact that farmers have increased their production. "The farm statistics that the farmers use are in very much worse shape than the farmers themselves."

"You've heard very much about agriculture being subsidized. Actually, more than 60 per cent of the gross income of all farmers in America has no support whatever."

Surpluses of farm products must be worked off gradually, Mr. Kline advised. "Some people try to make it appear that surpluses are good," but the public "will pay a high price for only the things which it needs and can use."

Market Development Imperative

"The most important single aspect of the solution to this problem is the development of markets. We recognize that exports are not going to be possible in the long run unless we also have imports.

"The second important thing is that we have to make adjustments. In the techniques of agriculture they should be of a kind that fits market demands, with the consumers deciding.

"We need an agricultural program, and at this moment particularly, because of the surpluses. We have today about \$8 billions of agricultural commodities in the hands of the government.

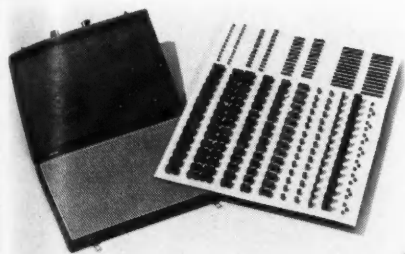
"We have an unprecedented responsibility in the world. We, therefore, have to maintain in America an effective, growing economy. In a post-war, post-inflation period, we have to have deflation. We've done a magnificent job in this regard," with high productive rate, good wages and reasonable distribution of increment.

Three important aspects of the international situation which Mr. Kline said "any hog farmer can understand," are these: (1) force ("People would rather be friendly with a nation that's strong"); (2) diplomacy ("We need a lot of people who know how to state the case for private enterprise"), and, finally, world trade.

(Biography of Allan B. Kline appeared in March CFM page 34)

Modernizing for Office Efficiency

introducing new office equipment and systems to effect economies in labor and cost, as well as to speed production of essential office work



Kit for Easy Office Planning

A-194 Invented by the Wood Office Furniture Institute as a useful tool in laying out offices, this little kit contains 12- by 18-inch cork boards marked off in quarter-inch squares, plus miniature plastic furniture models, all of which fit into a leatherette carrying case. The 275 pieces enable an executive to get a three-dimensional preview of how his office would look laid out in various ways, and provides a means of checking the workflow pattern in the present setup. For further information, please contact us.

Shreds Papers in a Hurry

A-195 An easy way to handle old records and confidential papers is provided by the Silver Executive paper shredder, available from the Industrial Shredder and Cutter Company. The machine is a little larger than a typewriter. It weighs 90 pounds and can be moved around and put out of sight when not in use. The machine is well guarded to prevent accidents, requires little main-

tenance, and is said to be "fool proof" in that no practice is required to operate it. The usual straight pins and staples are shredded along with the paper. The manufacturer will be glad to send information.

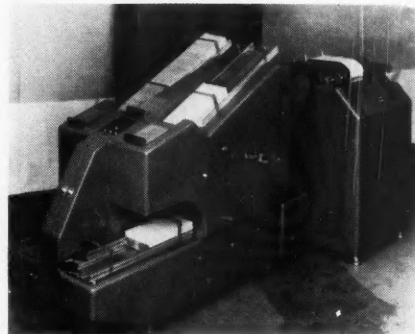
Hot and Cold Water Cooler

A-196 The Ebco Manufacturing Company has introduced an office-type water cooler which also dispenses hot water at just the proper temperature for making instant coffee and other hot beverages. The new standard size units, which come



in both pressure and bottle types, are called the Oasis Hot 'N Cold Water Coolers. The "coffee break" period has cost managements millions of dollars a year in lost labor. With the new Hot 'N Cold Water Coolers, employees are able to make their own instant coffee, tea, chocolate and soups in or nearby the work areas. The bottle model has two push-button faucets in the front of the cooler, one colored red for hot water, the other blue for cold water. Further information on request.

This Department will welcome opportunities to serve you by contacting manufacturers or wholesalers for further information regarding products described herein. Address MODERNIZING, Credit & Financial Management, 229 Fourth Ave., New York 3.

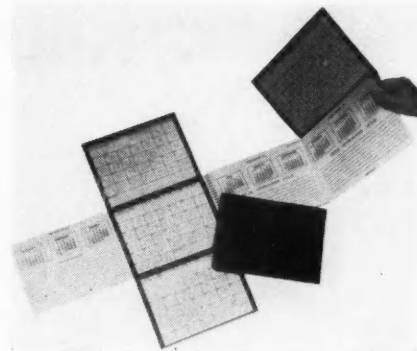
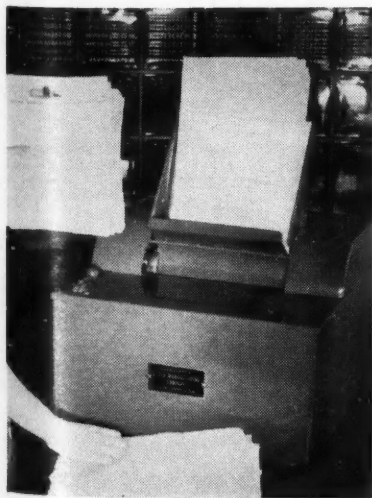


High Speed Printing, Accounting

A-197 Burroughs Corporation's new automatic high speed printing and accounting machine can turn out 27,000 punched card paychecks an hour. At the left, standard punched cards are fed into the reading units. At the right is the printer which prepares final printed documents. At the rear is the console housing the electronic devices which interpret the punched cards and actuate the printing mechanism. The Burroughs Series G machines, as they are called, are not committed only to the use of punched cards.

New Planning Calendar

A-198 Introduction of a new product to help harassed executives make more effective use of their time is announced by Planno, Inc. This new item is an annual time-planning guide. It is set up in three parts: (1) A year-at-a-glance planning calendar, (2) an adjacent section for outlining in advance an objective to be achieved each month and each quarter, and (3) space to work out a reallocation of time in order that these objectives may be accomplished. Known as "Planno," the item is a highly simplified device for handling a very difficult subject.







INDUSTRY GROUPS GIVE PROBLEMS GOING-OVER

THE DEMANDS of a competitive market on the thinking of credit executives were very much in evidence at the Industry Group Meetings which occupied all of Tuesday at the 59th Annual Credit Congress, in Chicago.

While the general analyses of business conditions were that improvement over a year ago was in evidence in most lines, the tenor of formal addresses and panel discussions was that competition was fully as keen-edged, and in several respects even sharper.

Members of 35 Industry Groups brought their problems to the convention and sought factual replies built upon company experience.

On these pages and the one following are lens views of representative sessions, some of them joint meetings. (Pictures from the plenary and other gatherings start on page 26).

(1) Coal Mine Suppliers Group. (2) Meat Packers Group. (3) Photographic Manufacturers and Distributors. (4) Paper Products and Converters. (5) Petroleum Group. (6) Hardware Wholesalers. (7) Electrical and Electronics Manufacturers. (8) Confectionery Manufacturers. (9) Iron & Steel, Non-Ferrous Metals and Related Lines. (10) Floor Coverings and Furniture. (11) Feed, Seed and Agricultural Suppliers. (12) Machinery and Supplies. (13) Food Equipment Manufacturers. (14) Chemical and Allied Lines. (15) Automotive Group.





NO STOPPING FOR PHOTOGRAPHER

SERIOUS BUSINESS, these Industry Group sessions. The CFM photographer was left to fend for himself while the discussion continued uninterrupted. From the number of individuals at the speakers' tables it is obvious that panel participation in discussion was the usual form of approach.

(1) Bankers Group. (2) Public Utilities Group. (3) Wearing Apparel and Footwear. (4) Drugs, Cosmetics and Pharmaceuticals. (5) Paint, Varnish, Lacquer and Wallpaper Group. (6) Fine Paper Group. (7) Food Products and Allied Lines Manufacturers. (8) Plumbing, Heating, Refrigeration and Air Conditioning Group.



Guides to Improved Executive Operation

KEEPING INFORMED

MANAGEMENT AIDS FOR SMALL BUSINESS—Annual No. 1 has been released by the U. S. Small Business Administration. This new publication is divided into three main parts. The 184-page book discusses small business and government relations, dealing especially with government contracts; internal general management, with two dozen ideas for effective administration; and external sources of help, advice and guidance, showing how management consultants help small business. Write U. S. Government Printing Office, Washington 25, D. C. Price 65c a copy.

THE UNITED STATES DEPARTMENT OF COMMERCE — A history of the United States Department of Commerce and a description of each of its major subdivisions are contained in this 16-page, illustrated booklet. Among the subdivisions described are the Business and Defense Services Administration, Office of Business Economics, Bureau of the Census, Bureau of Foreign Commerce, National Bureau of Standards, and the Weather Bureau. Available from U. S. Department of Commerce, Washington 25, D. C., or any of its field offices.

ACCOUNTING TERMINOLOGY—A four-page bulletin of the American Institute of Accountants, "Accounting Terminology Bulletin No. 2" is intended to clarify the use of the words "proceeds," "revenue," "income," "profit," and "earnings" in connection with business operations and financial statements. Definitions and recommendations for usage of each term are listed. For your copy, write American Institute of Accountants, 270 Madison Ave., New York 16, N.Y. 25c a copy.

RECORDS MANAGEMENT IN SMALLER STORES—A 4-page booklet describing means of reduction of clerical work in small stores. Write to the Small Business Administration, Washington 25, D.C., single copy free.

Informative reports, pamphlets, circulars, etc., which may be of interest to you. Please write directly to the publisher for them. CREDIT AND FINANCIAL MANAGEMENT does not have copies available.

To expedite receiving these booklets, please address all inquiries concerning Efficiency Tips to CREDIT AND FINANCIAL MANAGEMENT, 229 Fourth Ave., New York 3, N.Y.

EFFICIENCY TIPS

452—Lester Beall, a designer in the graphic arts field, has prepared a portfolio of original letterheads to serve as an idea source for business and professional men. They are included in a "Letterhead Design Manual," written by Mr. Beall and published by the Parsons Paper Company. There are ten letterheads in the portfolio, of which one is engraved, four are lithographed in two colors, four are printed in two colors and one is printed in one color. We shall be glad to help you obtain a copy free.

453—A new 16-page illustrated booklet entitled "Quality with Quantity," recently published by American Automatic Typewriter Company, contains techniques and tips on injecting the personal touch into repetitive correspondence or direct mail promotions. It points out how personal letters can be used on a volume basis via automatic typing. The last three pages contain a list of more than 45 ways Auto-Typist personalized letters are employed today in institutions, business and industry. For your copy, please write us.

454—The Heinn Company offers a 16-page booklet on cataloging facts, giving tips on planning catalogs, sales or service manuals, price lists, sales presentations and sample cases. Ask us for your copy. Free.

455—Best selection of the proper ribbons for typewriters, adders and calculators, tabulating machines, and teletype and addressing machines for specific jobs is described in a new 6-page "pocket encyclopedia" by Remington Rand Inc. Written in an easy-to-read, question and answer format, the new booklet takes the mystery out of buying business machine ribbons. Copies of the new folder may be had by writing to us. Free.

BOOK REVIEWS

DETERMINING THE BUSINESS OUTLOOK—Edited by Herbert V. Prochnow. \$6.50. Harper & Brothers, 49 East 33rd Street, New York 16, N.Y.

† Twenty of the nation's foremost economists and research experts have collaborated to show how business forecasting can be most accurately accomplished. The book provides a most complete and authoritative guide available in answer to the question uppermost in the minds of the executive and investor: "What is ahead for business?"

After a preliminary discussion of the nature of the problem and the short and long-term fluctuations that are characteristic of our economy, the volume describes how money supply, bonds, stocks, and interest rates, savings, gross national products, and national income are to be interpreted as indices to business prospects.

Good business management requires careful planning ahead. It requires something more than snap decisions from hour to hour, or from day to day.

No single indicator or barometer of business is adequate as a measure of business fluctuations and trends. Therefore, this book discusses a great number of business indicators and will be an indispensable reference book for every business executive, as well as the student of economics, who wants to know how to determine the business outlook for himself.

OTHER BOOKS REVIEWED AND RECOMMENDED

TAX SAVER DIGEST FOR MERCHANTS AND BUSINESSMEN. This is a clearly written treatise, printed in large legible type and helpful to anyone with a tax problem. By Louis Haimoff and Harold Gould. 79 pages. \$7.50 (Fairchild Publications, Inc., 7 East 12th St., New York 3, N.Y.)

WANTED: MORE OWNERS OF AMERICAN BUSINESS—Makes a plea for more shareowners of American business corporations and resulting equity capital. By G. Keith Funston. 44 pages. \$1.50 (Graduate School of Business Administration, Harvard University, Boston, Mass.)

Books reviewed or mentioned in this column are not available from CREDIT AND FINANCIAL MANAGEMENT unless so indicated. Please order from your book store or direct from the publisher.



CONVENTION IS HISTORY; NOW ON TO THE 60TH

(1) Chicago committees receive due plaudits for their handling of the 59th Annual Credit Congress, National Association of Credit Men. (2) President-elect Paul J. Viall (left) accepting the gavel from C. Herbert Bradshaw. (3) With their and N.A.C.M.'s First Ladies, Mrs. Viall (left) and Mrs. Bradshaw. (4) E. F. Gueble (right), Garrett Supply Co., Los Angeles, is presented with the Royal Order of Zebras award by Elmo Trimble, National's membership chairman and western division vice president. (5) The new directors. Details and individual pictures on pages 34 and 35. (6) Meritorious Service Awards of the American Petroleum Credit Association go to alumni of Credit Research Foundation's Graduate Schools of Credit and Financial Management for best management studies. (l to r) Frederick H. Jones (Stanford '54), credit manager, Kaiser Steel Corp., Oakland; Louis R. Compton (Dartmouth '54), general credit manager, Harshaw Chemical Co., Cleveland; Dr. Carl D. Smith, N.A.C.M. educational and Credit Research Foundation executive director, and E. P. Simmons, general credit manager, Magnolia Petroleum Co., Dallas, and A.P.C.A. president.



Business Road Is Open Again, But Watch for Soft Shoulders, Caution of Credit Congress

WE all have had the enjoyable experience of driving over a newly surfaced highway — smooth, stretching straight ahead as far as eyes can reach. Crews still are working on the shoulders, however, and caution signs to drive carefully are at frequent intervals.

A parallel from the highway of business ran through the themes of speakers at both plenary and Industry Group sessions at the 59th Annual Credit Congress in Chicago. A short year ago, at the San Francisco convention, readjustment was underway, the road was rough, with potholes in some industries, but the contracts were being let for the repair jobs. Came then the resurfacing and reconstruction.

So the business road to Chicago still had a few detours but most of the highway was clear and smooth. The one warning road sign for business was "Caution: Soft Shoulders." These were defined in part as private credit abuses, such as "selling credit rather than merchandise," "using credit to defeat competition"—and public abuses, among them easy money policies, unbalanced budgets, political manipulation of credit, in the keynote address by Henry

H. Heimann, executive vice president of the National Association of Credit Men (reported in detail in June CFM).

Paul J. Viall, treasurer, Chattanooga Medicine Co., Chattanooga, Tenn. is the new president of the National Association of Credit Men. A profile study of Mr. Viall begins on page 13.

Four divisional vice presidents were elected, following decision of the convention to amend Article VIII, Section 3, of the Bylaws. The new division is the Southern, with division vice president William L. Holmes, assistant treasurer, Schlumberger Well Surveying Corp., Houston.

Reelected vice president of the Eastern division is A. Edward Southgate, The Philadelphia and Reading Coal and Iron Co., Philadelphia.

Irwin W. Stumborg, 1953-54 vice president of the Central division, returns to that post. Mr. Stumborg is assistant treasurer of Baldwin Piano Company, Cincinnati.

J. Allen Walker, new vice president of the Western division, is general credit manager of Standard Oil Company of California, San Francisco.

Names and pictures of the new directors appear on page 35.

To the new post of vice president (staff) was named Edwin B. Moran, who has been secretary, assistant executive manager, director of sales and promotion, and general manager of Credit and Financial Management magazine.

Philip J. Gray, assistant secretary and the manager of the Foreign Credit Interchange Bureau, advances to secretary.

Mrs. E. G. Woodruff was named assistant treasurer.

The first plenary session had been called to order by Vernon A. Bingham, general convention chairman, general credit manager of the Macwhyte Company, Kenosha, Wis., immediate past president of The Chicago Association of Credit Men, host association.

After the invocation by the Rev. Charles Ray Goff, First Methodist Church, Chicago, and presentation of the colors by American Legion Post of the First National Bank (by an honor guard that performed impressively under the direction of Sgt. Stanley Bardeck), chairman Bingham presented the gavel to C. Herbert Bradshaw, N.A.C.M. president and general credit

(Continued on next page, Col. 1)



Legionnaires Present the Colors—and the Credit Congress is Underway

New N.A.C.M. Officers and Directors

President—Paul J. Viall, Chattanooga Medicine Co., Chattanooga, Tenn.

Vice President (Eastern Division)—A. Edward Southgate, The Philadelphia and Reading Coal & Iron Co., Philadelphia, Pa.

Vice President (Central Division)—Irwin W. Stumborg, Baldwin Piano Co., Cincinnati, Ohio

Vice President (Southern Division)—William L. Holmes, Schlumberger Well Surveying Corp., Houston, Texas

Vice President (Western Division)—J. Allen Walker, Standard Oil Co. of California, San Francisco

Directors—Three Years

Leonard K. Morse, Bridgeport Brass Co., Bridgeport, Conn. Dist. 1.

Harry C. Pfost, Simmons Co., Elizabeth, N.J. Dist. 2.

W. LeRoy House, The Electric Supply Co., Atlanta, Ga. Dist. 4.

Charles W. Kroener, Southern Indiana Gas & Electric Co., Inc., Evansville, Ind. Dist. 5.

John Quincy Adams, The Bessemer Limestone & Cement Co., Youngstown, Ohio. Dist. 7.

Thomas J. Adams, The Times-Picayune Publishing Co., New Orleans, La. Dist. 8.

Lysle H. Koogle, Triangle Electric Supply Corp., El Paso, Texas. Dist. 11.

Philip H. Davenport, Southern Equipment & Supply Co., San Diego, Calif. Dist. 12.

Oren H. Judd, West Coast Grocery Co., Tacoma, Wash. Dist. 13.

Director—Two Years

David F. Sellards, Ellis-Klatscher & Co., Los Angeles, Calif. Dist. 12.

Director—One Year

George T. Thomas, Sherwin-Williams Co., Chicago, Ill. Dist. 6.

manager of Bausch & Lomb Optical Co., Rochester, N.Y.

Welcomes to the convention were spoken by Lt. Gov. John William Chapman, Alderman Egan for Mayor Richard J. Daley, and by the incoming president of the Chicago Association, Leland T. Hadley, convention executive committee chairman, and assistant secretary of Goodman Manufacturing Company. Responding was D. M. Messer, 1953-54 president, N.A.C.M., the vice president, treasurer and director of Dohrmann Commercial Co., San Francisco.

President Bradshaw, in the report of his stewardship (printed in full on page 31 of this issue) emphasized the net gain of 637 in N.A.C.M. membership in the past year and called the achievement notable in view of the business readjustments especially in the first half of the period covered. Total membership reached the 33,887 figure.

On the lighter side, "Livin'—or Just Lookin'" was the topic vehicle for the barbershop philosophy of Cayce Moore, of Hearne, Texas. (We noted at the Kansas City Association's convention

dinner that President H. M. McDonald, Cities Service Oil Co., had a notebook almost filled with the raconteur's quips).

Presentations of meritorious achievement scrolls awarded by the American Petroleum Credit Association were made by Dr. Carl D. Smith, executive director, Graduate Schools of Credit and Financial Management, N.A.C.M., and E. P. Simmons, general credit manager, Magnolia Petroleum Co., Dallas, A.P.C.A. president. Adjudged best management study by a member of the '54 graduating class at N.A.C.M.'s Dartmouth Graduate School of Credit and Financial Management was that of Louis R. Compton, general credit manager, Harshaw Chemical Co., Cleveland. The Stanford winner was Frederick H. Jones, credit manager, Kaiser Steel Co., Oakland.

Membership awards were made at the forenoon sessions of Monday, Wednesday and Thursday by Elmo Trimble, chairman of the National membership committee, western division vice president, N.A.C.M., and secretary-treasurer, Wilson Paper Co., Los Angeles. (The winners of awards appear under a separate heading on pages 36 and 37 of this issue).

After announcements by Roger J. Burke, general credit manager, Wilson Sporting Goods Co., Chicago, and appointment of convention committees by President Bradshaw, the convention adjourned until the afternoon session, which brought two notable addresses and a panel discussion on "Sales and Credit Coordination."

Ethics Emphasized by Dr. Wilson

The close relationship between business growth and maintenance of high principles and ethics in business conduct was delineated by Dr. Robert E. Wilson, scientist and chairman of the board, Standard Oil Company (Indiana). Dr. Wilson's address is reported in detail on page 18.

After special recognition of Robert Morris Associates by the N.A.C.M. president, for its collaboration in advancement of the credit profession, President Edward F. Gee of the Associates, vice president of State-Planters Bank and Trust Co., Richmond, brought up-to-date the survey of business conditions he had made earlier (see CFM March), in a canvass of 40 bank loan officers in all sections of the country. The recapitulation reflected acceleration of the business improvement (more on page 32).

Incentive additions to salaries of credit executives who are instrumental in increasing sound profit volume of their companies were proposed by Joseph L. Wood, assistant treasurer, Johns-Manville Corp., New York, as moderator of the panel on Sales-Credit coordination (Reported in full, starting page 8 of this issue).

Participating were these sales executives: Vice President P. L. Dafoe of Acme Steel Products Co., Chicago, and Joseph S. Strecker, regional sales manager, General Electric Co., Chicago; and



The Sales-Credit Panel—Moderator Joseph L. Wood at the "mike"

the following representing credit operation: Harry J. Delaney, vice president, John P. Maguire & Co., Inc., New York, and Robert L. Allen, general credit manager, D. Ghirardelli Co., San Francisco.

Industry Group Topics Varied

Credit's increasingly active role in the field as a working promoter of company business volume was propounded from platform and floor at the 35 Group sessions, the intra-association industry-work project to which Tuesday is traditionally allotted at Credit Congresses. Open forums brought the formal discussions into a case history pattern.

To select any topics for mention would be false emphasis but subjects of speakers at joint luncheons do provide a clue to the wide range of study material analyzed. There were, for example, "The Future of the Automatic Replacement Industry," by J. L. Wiggins, executive vice president, National Standard Parts Association, Chicago; "New Ideas in Education for Executives," by David G. Moore, director of executive program, University of Chicago; "Compromise Settlements," topic of several Groups' speakers; "How to Stay Alive in 1955," Joseph T. Meek, secretary, Illinois Federation of Retail Associations; "Retained Percentages," an acute problem of credit in the building industry; "Trends in Home Improvement Loans," by John Braue, vice president in charge of the consumers division of the Chicago National Bank; "Credit and Public Relations," Morgan Murphy, vice president in charge of public relations, Commonwealth Edison Co., Chicago; "Opportunities of a Credit Manager," by Clay Steele, treasurer of Hart, Schaffner & Marx, Chicago.

Palyi World Trade Speaker

General chairman of the Industry Group meetings was J. W. Graber, regional credit manager, Chicago, of General Foods Sales Division.

Dr. Melchior Palyi, business consultant, was the speaker Wednesday noon

at the international trade luncheon, co-sponsored by the Foreign Credit Group of the Chicago Association of Credit Men and the Foreign Credit Interchange Bureau of National.

The general session Wednesday forenoon was called to order by the central division vice president, Herman M. Kessler, president of The Standard Printing Co., Louisville, and the invocation was by Right Reverend Monsignor Edward M. Burke, chancellor of the Archdiocese of Chicago.

Kline Speaks on Farm Status

In his address on "Business, Government and Politics," Allan B. Kline, president of International Federation of Agricultural Producers, Chicago, and former president of the American Farm Bureau Federation, declared that the American farmers are in better shape than the statistics they use. (Details on page 20).

Newspaper Editors on Panel

Moderator of the panel discussion of problems of finance, business and economics was David Dillman, public



IN RECOGNITION of outstanding service to the credit profession and to the National Association of Credit Men, Mortimer J. Davis, executive vice president of the New York Credit & Financial Management Association, is presented a silver vase by A. Edward Southgate, eastern division vice president of N.A.C.M.

relations manager of Inland Steel Co., Chicago. Panel members were William N. Clark, Chicago Tribune; Herman Gastrell Seely, Chicago Daily News; Ray Vicker, Wall Street Journal; and Edward Kandlik, formerly of the Chicago Sun-Times, who had just joined the News financial section staff.

Four segments of the business picture had been selected for analysis by the business editors: the building trade, auto industry and labor situation, the stock market and prices and interest rates.

In housing, said Mr. Clark, the marked upturn sustained through April and into May appeared to be heading toward a possible record for the entire year, a new top figure for residential construction, with "a generally healthful glow in building construction prices." Capital spending in the manufacturing industries alone, an April survey showed, will be 3 per cent higher than last year's. "Consensus is that business generally will continue 5 per cent above the four-year level."

"Too Good to be True"

"The overall picture for retail trade in all branches," Mr. Seely declared, "is almost too good to be true," with department store sales up 6 per cent for the first five months, the wholesale situation "about the same" with sales up and inventories low, and "prices remarkably steady."

But, said Mr. Seely, "there are the makings of a real storm in the situation. If it's to be a cyclone, the center of the storm will be in consumer credit. The pressure in retail competition is so great that consumers are being urged to buy everything on credit. The result of this has been a general increase in installment credit.

"It looks to me as if the consumer has gone into debt an additional \$11 billions in the last year.

"From July on, you'll find retail sales figures competing with last year's. If we run into labor trouble, prolonged strikes, it will slow things even more. Things won't look so bad; I hope they'll

(Concluded on following page)



RETIRING OFFICERS and Directors receiving meritorious service awards: (1 to 7) Herman M. Kessler, *The Standard Printing Co., Louisville, central division vice president*; J. F. Madden, *Nicholson File Co., Providence, R.I., director*; R. G. Mills, *Clowe & Cowan, Inc., Amarillo, Texas, director*; Elmo Trimble, *Wilson Paper Co., Los Angeles, western division vice president*; Mrs. Lucy G. Killmer, *The Guarantee Specialty Mfg. Co., Cleveland, director*; J. S. Smith, *Tidewater Associated Oil Co., Portland, Ore., director*; and R. M. Wilder, *Pass & Seymour Co., Inc., Syracuse, director*.

look good. Anything can happen in the present year."

"The Federal Reserve Board," declared Mr. Kandlik, "has hoisted storm warnings about the excessive use of credit in the stock market, and if one will look at the history of the market he will see that it will have been to his advantage to take heed of the warnings."

"Over the last year and one-half the character of the stock market has been changing. Buying for legitimate investment gradually has been giving way to buying in anticipation that prices will rise. That's speculation."

"Psychology plays a major role in setting stock prices. What can change it this time? It is impossible to tell on what front trouble will break out, but when everything starts to look pat, as at present, trouble is always lurking in the background."

"I'm not recommending that investors rush to sell stocks and seek a storm cellar—but I do think this stock market rise has seen its best days."

Mr. Vicker told the credit executives high points of an analysis he had made of "some of the 200 guaranteed wage plans now in effect."

"Somewhere between the no plan at all and the union's guaranteed annual wage (GAW)," he predicted, "the United Auto Workers and the auto industry ought to be able to come to an agreement. There can be a compromise on the amount."

Mr. Vicker declared: "Auto production in the first half is expected to exceed 4 million units. Nobody expects it can continue producing 8 millions. You can expect a little letdown in the auto industry in the third quarter. There's no cause for alarm. Credit men will be spending time trying to collect bills."

Internal Revenue Board Program

In his address, T. Coleman Andrews, commissioner of internal revenue, who for two terms was president of the Richmond Association of Credit Men, told of the fourfold philosophy of the bureau under his direction: (1) The taxpayer and the commission are not natural enemies but should be working together; (2) all taxpayers must be

treated alike; (3) all possible help should be given the taxpayer, and (4) both the commission personnel and the public should be educated to their responsibilities. (More details on page 32.)

A. Edward Southgate, treasurer, Philadelphia & Reading Coal & Iron Co., and eastern division vice president (post to which he later was reelected), opened the final plenary session, and the invocation was given by Rabbi Benjamin H. Birnbaum, Ner Tamid Synagogue, Chicago.

Roger M. Blough, who had become chairman of the board of United States Steel Corp., in a matter of days before the Credit Congress opened, showed how research threaded through the history of business advancement. (Details on page 16).

In recognition of the thirtieth anniversary of the N.A.C.M. Fraud Prevention Department, of which John C. Fredell, Jr., is director, President Sidney A. Stein of Congress Factors Corp. traced the history of the war on business crooks that followed the 1916-26 period in which "bankruptcy frauds

spread through commerce like dirty oil spilled in a harbor."

"We salute," he said, "the far-sighted and prudent managements of industries who, by their support of the department, share our conviction that with crooked debtors, as with dictators, compromise is fatal."

Frederick W. Zander, assistant treasurer of United States Plywood Corp., New York, and chairman of the national fraud prevention committee, related a personal experience of the violent tactics employed by crooks in the days before the textile industry instituted the campaign against commercial crime.

Special tribute was paid by the Credit Congress to Mortimer J. Davis, executive vice president of the New York Credit & Financial Management Association, for his years of service to the credit profession and the National Association. A silver vase was National's gift to Mr. Davis.

Certificates of merit were presented by President Bradshaw to the outgoing officers and directors of National.

Invitation to the 60th Annual Credit Congress, in Cincinnati next year, was given by Paul W. Cutshall, assistant treasurer and general credit executive of Southwestern Publishing Co.

At the closing business session the convention adopted the report of the resolutions and policy committee presented by Chairman James H. Donovan, assistant treasurer of Jones & Laughlin Steel Co., Pittsburgh (printed in full on page 33), and that of the nominations committee by chairman Messer.

After the new officers and directors had been escorted to the dais by Grand Marshal R. J. Moudry, with traditional fanfare, the presentation of a silver service to Mr. and Mrs. Bradshaw was a fitting final action of the Credit Congress.

Credit Research Foundation article on awards and accounts of the Credit Women's Groups on page 34.)



THEY SHOULD BE reviewing a job well done but they're probably checking convention reports: (1 to 3) S. J. Haider, *convention director and secretary-manager, Minneapolis Association of Credit Men*; C. Herbert Bradshaw, *president, N.A.C.M., general credit manager, Bausch & Lomb Optical Co., Rochester, N.Y.*; and V. A. Bingham, *general convention chairman, immediate past president, Chicago Association of Credit Men, general credit manager, Macwby Company, Kenosha, Wis.*

President Bradshaw Calls Year Significant

Emphasizes Extension and Perfecting of Departmental Services

A productive year of the National Association of Credit Men, with "significant membership growth and extension and perfecting of departmental services" was reviewed by President Bradshaw in his report to the 59th Credit Congress in Chicago.

By C. HERBERT BRADSHAW
General Credit Manager
Bausch & Lomb Optical Company
Rochester, New York



Reporting on Stewardship

Finances and Management

Our budget has again been balanced, and we are greatly indebted to our budget and finance committee, under the chairmanship of C. Callaway, Jr., Chickamauga, Ga., for an excellent job. We have one of the most complete and detailed budgets of any association. It is a tribute to the administrative ability of our executive vice president, and his staff, that, in spite of constantly increasing costs of operation, all down the line, we have again operated profitably.

The consolidated balance sheet of our affiliated associations shows a very substantial investment, with total assets of \$2,818,900 and a surplus of \$1,849,400.

Membership

We have registered a net gain in membership, this year, of 637 and now have the largest membership total in the association history—33,887. I want to pay tribute to the effort put forth by the national membership committee, and by so many of our affiliated associations.

My sincere appreciation to Elmo Trimble of Los Angeles, chairman; to the three vice-chairmen: Ellis Wheeler (western division); Paul Viall (central); James Ford (eastern); and to the membership chairmen and committee members of our affiliated associations, to our credit women's groups, the Zebras, the Plus One Clubs, the Vigilantias, and to our indefatigable secretary, E. B. Moran.

Education

The educational activities have made remarkable strides. The program has been conducted by the Credit Research Foundation, an important affiliate, which, through its research studies, nationwide surveys, special studies for industry groups, its Workshops and one-day conferences, strives to bring about more effective credit practices and techniques.

Enrolment in the National Institute of Credit increased 10.5% this year. Sixty-four colleges and universities are now cooperating. We are proud of the educational programs which so many of our associations maintain.

The Graduate School of Credit & Financial Management is a most significant and successful educational development. Last summer over 300 credit executives attended the two sessions at Dartmouth and Stanford. J.

Allen Walker, of San Francisco, has given progressive leadership, as chairman of our advisory committee on professional development and education. Earl N. Felio, of New York, has headed the advisory committee on research and has done an excellent job. The president of the Foundation, Charles E. Fernald, of Philadelphia, has given splendid direction.

Legislation

Activity this year has centered on prospective improvements in the bankruptcy law. Bills recently introduced provide for increased salary limits for referees and trustees. Another amendment, involving legislation to set up a separate bankruptcy court, is in the final stage.

In the tax field we have opposed all moves to undo the improvements won last year. You are aware of our efforts to retain the dividend credit provisions and against repeal of the prepaid income and reserve provisions. Attempts were also made to seek improvement in the bulk sales laws, bad check laws and fictitious name laws of a number of states. Steady progress has been made toward eliminating bank exchange charges on checks.

At both state and national levels, your association has met every new challenge constructively and courageously and has won for us an enviable position.

Irwin Stumborg, Cincinnati, has again served most effectively as chairman.

Fraud Prevention

Your association has always been active in prevention of fraud, partic-

ularly so this year, when complaints of commercial fraud have increased sharply. This department was instrumental in securing a number of indictments and convictions in the past year. There are over 50 active cases.

Emphasis continues to be placed on formation of new fraud prevention committees and increasing effectiveness of existing committees. Progress was made for closer relationship between the local committees and the former F.B.I. agents who represent the department so effectively in key cities. Our national committee has enjoyed the cooperative leadership of Chairman Fred Zander, of New York, and that of our textile group, under the efficient direction of Sidney Stein, also of New York.

Industry Credit Groups

There are nearly 1,200 industry credit groups in our associations and over 60% of our entire membership participates in these industry groups. No better facility is available for helping you solve your credit problems.

Women's Groups

There are now 54 Credit Women's Groups with a total membership of over 2500. Mrs. Beath Robinson of Chattanooga has been the very capable chairman. This year four new groups were organized and a considerable growth in membership was realized.

Credit Interchange

Credit Interchange, affording an excellent medium in the exchange of ledger information, increased 4% this year in users, while the use of the reports themselves shows a slight rise over that figure.

We are happy to welcome Lubbock, Texas, to the Credit Interchange System. Verne Ames, of Neenah, Wis., has been Chairman of the Board of Governors, with Arthur Reese of Los Angeles as vice-chairman.

Foreign Credit Interchange

Our Foreign Credit Interchange Bureau has completed another year of outstanding service. Membership has been well-maintained, in spite of export and import exchange controls, and dollar shortages. Members have found much valuable assistance through the Foreign Credit Interchange Reports, the weekly reports, weekly bulletins, monthly group and round-table sessions.

Philip J. Gray, manager, was in Europe at the invitation of the U. S. Department of Commerce, to participate in a series of international trade fairs. This recognition reflects credit upon our association as well.

(Report concluded on page 36)

97 to 99% Now Voluntarily Pay Taxes;

Bureau Restored Confidence: Andrews

WHILE the Internal Revenue Service is "the only department in Washington that makes money by spending it," operating costs are only four-tenths of one per cent of what it brings in. The cost is but 40 cents on \$100, but the sum total is so large and the extent of operation is so great that "some are led to wonder if we are operating as economically as possible," Commissioner T. Coleman Andrews told members of the National Association of Credit Men at the 59th Annual Credit Congress, in Chicago.

Discussing the Service's organization and background, the Commissioner declared that his staff, when it took over, had had a "two-pronged problem" to solve. The job was to regain public confidence and overcome the very low morale which had spread through the Service, "reflected in the steady deterioration of the department's forces," with the Service "going to pieces" following the luridly publicized malfeasance in office by certain individuals under the preceding regime.

"It was not until January 1954, that we arrested the downward trend, turned the tide and saw the Service's employment begin to rise," according to Mr. Andrews, who for two years was president of the Richmond Association of Credit Men.

"Our mission is to collect taxes, and we have to do it in a way that will effectuate voluntary compliance. The double problem is examination of returns and handling those who can't pay or don't like to pay—1,613,000 of them at last count, 150,000 of them companies not turning in withholding taxes. We mean to collect that money. A criminal penalty has been authorized by Congress but that has not been enforced as yet.

"Many come forward and pay voluntarily. It's a relatively small number who present the greatest problem."

Mr. Andrews said the Service's inspection department is an internal auditing department. Every phase of the operation is inspected. The Commissioner declared inspection had unearthed one case involving more than \$5 millions which had been allowed to go for five years.

"Because an internal audit department requires topnotch investigators, personnel checks were instituted. It was necessary to determine whether people in our Service were properly graded, and so we insti-

tuted at the University of Michigan a training program which includes courses for an understanding of business. There are also programs on supervision—on how to manage people.

"We had inherited a very poor tax accounting system. I wanted to know how much delinquency there was, but there was no way to determine the percentage. We have corrected that."

The Commissioner outlined these four elements of the basic philosophy of operation of the Service:

(1) Taxpayers and collectors are not natural enemies.

(2) Taxpayers must be treated alike. "There is no going over the heads of penal officers. In our 27 months not one case has been taken out of channels for settlement in Washington.

(3) "All possible help is being given taxpayers.

(4) "Results from our high school training courses are inspiring. With millions of students making tax returns, 98 out of 100 are correct, whereas 25 per cent of adults' are wrong."

The American taxpayer, he says, "has been so duly conscious of his obligation as a citizen that 97 to 99 per cent compliance has been achieved."

Bankers Upgrade Appraisal of Business

Gain in New Canvass, Says E. F. Gee

Continued general improvement of business for the year is even more certain today than it was in December, in the judgment of 40 bankers in all sections of the country, says Edward F. Gee, president of Robert Morris Associates and vice president of State-Planters Bank & Trust Company, Richmond, Va.

At the same time, the bankers caution "firmer, more rigid, and more careful credit-collection policies and procedures."

Mr. Gee was reporting the results of an up-to-the-minute revision of a study he had made at year-end, in an address before the 59th Annual Congress of the National Association of Credit Men, in Chicago. (Results of the original survey were reported in detail in March CFM, page 17.)

The 40 bankers, their experience in making loans showing some slight upgrading in the appraisal of conditions and prospects, particularly in the middle-south, east, and central states, speak also of "price weaknesses in our agricultural economy and of disturbing price rises in the stock market, being conscious that both were forerunners of the last severe adjustment that wracked the general economy."

The bankers "expressed concern," Mr. Gee said, "over the possibility of over-production in automobiles, in household appliances, in residential construction, over the rapid rise in instalment credit, and over the liberality of the financing terms that are now being accorded home buyers."

"They caution that credit is extended not to the general economy,

with its booming national averages; not to a sectional economy with its area averages as good if not better than the national picture; not even to a given industry group, with its industry averages perhaps currently at unprecedented levels.

"They remind us that credit is still extended to the individual consumer, to the individual company, and that the credit strength and income prospects of each individual and company to which that credit is extended are still, and will always remain, the prime considerations in sound credit-granting regardless of the rosy reports of average credit conditions."

None Finds Prospects Negative

Mr. Gee reported that, in the opinion of these bankers, general business conditions and operating prospects for the remainder of 1955 are from "satisfactory, to highly satisfactory, to excellent, in every section. In no instance are conditions or prospects believed to be poor or unsatisfactory for those industries or lines that represent the major sources of bank loan volume."

The bankers believe the credit strength of borrowing customers in many lines, in increased number, is stronger now than it was a year ago.

Mr. Gee sees these trends (among others) from the bankers' reports: "With sustained or increased volume or earnings, there have been concomitant increases in receivables, in inventories, in fixed assets, in debts, in operating costs, in dividend payments"

Resolutions and Policies Adopted for 1955-56

Summarizing the resolutions adopted by the 59th Annual Credit Congress of the National Association of Credit Men, in Chicago May 12th.

1 That the National Association of Credit Men, in cooperation with the National Bankruptcy Conference, continue its study, recommendations and support of legislation for improvements in the National Bankruptcy Act and its administration, with due regard for the equitable treatment of both debtors and creditors:

(a) That Congress be urged to enact without delay two legislative amendments now before Congress, neither entailing additional drain on the federal treasury or cost to taxpayers, to increase the maximum salary ceilings of referees and to increase the schedule of fees permitted to trustees so as to bring allowed compensation in both instances to a level in just proportion with the responsibilities each must carry and with the services each must render;

(b) That Congress be urged to give early and favorable consideration to legislation for the establishment of separate courts of bankruptcy, whose presiding officers will have the full title and power of Judges, and for the incorporation of present referees in bankruptcy into such courts as judges.

(c) That, to forestall the filing of hastily contrived and misleading Plans of Arrangement under Chapter XI of the National Bankruptcy Act, the Congress be urged to enact legislation authorizing the filing of a Chapter XI petition under the act before submission of the Plan of Arrangement required under the act.

(d) That this convention, mindful of frequent and unwarranted delays in insolvency proceedings which now arise from Government claims, urge the Congress to enact legislation whereby a time limitation of one year be established on Government priority claims in bankruptcy and in Chapter XI cases.

2 The members assembled in convention confirm and ratify the action of the board of directors in the establishment of a pension fund for the employees of the National Association of Credit Men.

3 That greater uniformity among state laws affecting credit is reaffirmed by this convention as a desirable objective of the National Association of Credit Men and that, to further this objective, the legislative committees of the various local affiliated associations, in cooperation with other interested organizations, are urged to give careful and constructive consideration to the articles, sections and subsections of the Uniform Commercial Code as possible recommendations for early incorporation into the laws of their respective states.

4 That the certificate of incorporation of the National Association of Credit Men be amended to increase the number of directors of the Association to 32.

5 That in the interests of furthering administrative efficiency in the Federal Government and of providing for increased savings to taxpayers, we urge that the Congress and the President do promptly enact, or otherwise put into effect, the recommendations adopted by the "New Hoover Commission" established in 1953 by Act of Congress for that purpose.

6 That the 84th Congress and the Administration are commended by this Convention for all recent progress toward reduction of the federal budgetary deficit; and we urge continuance of all efforts to bring the overall federal

"May the day never again come when we shall be confronted with public policies designed to keep private capitalism battered, bruised and emaciated."

—Clifford F. Hood

budget into balance by the nearest date possible and maintain such balance thereafter; and because of the present high levels of taxation we further urge substantial reduction of the national debt in the shortest economically feasible period in keeping with proven principles of sound fiscal management.

7 That this Convention, being fully mindful of the unequal distribution of the tax burden, is in accord with the sentiments expressed by the President of the United States in his Budget Message to Congress of January 17, 1955, wherein the President specifically states: "I have also directed the Secretary of the Treasury promptly to make recommendations for any other changes in the laws which may be found necessary to prevent anyone from avoiding his fair share of the tax burden," and that the National Association of Credit Men offer its full support to this objective.

8 This Convention reaffirms action taken by the 58th Annual Credit Congress of 1954 at San Francisco, urging:

(a) That all federal officials be apprised of the deleterious effects of excess tax burdens, including the operation of the law of diminishing returns, to the end that tax legislation correct existing inequalities and inadequate applications, and

(b) That state and municipal legislators and tax administrators be apprised of the need to avoid duplication

and to simplify tax reporting, to the end that each taxpayer can properly and quickly determine the tax assessed him, and

(c) That federal, state and municipal tax administrators expedite the audit of tax returns.

9 God in His infinite wisdom and mercy has called Home many members of this association since last we met. To each of their loved ones we bespeak our loss individually and as an organization, and offer in solace the tribute that their contribution to the cause of high moral and ethical standards in the conduct of business will ever live after them.

10 Appreciative of the work of each of the countless individuals who have helped make this 59th Annual Credit Congress notable for its contributions to advancement of the profession in operation, and thankful for the hospitality and the efforts which have been put into every detail of the preparations to make our visit to Chicago unforgettable, the National Association of Credit Men bespeaks its gratefulness to the following:

(a) To Leland T. Hadley, president of The Chicago Association of Credit Men and chairman of the convention executive committee; to Vernon A. Bingham, general chairman of the convention; to G. T. Thomas, advisory committee chairman; to vice general chairmen H. J. Cunningham, E. E. Diehl, W. M. Edens, P. R. Gross, and J. E. Walsh; to J. W. Graber, industry meetings chairman; to Al Potter, secretary of The Chicago Association of Credit Men and secretary of the convention executive committee; to their associates and members of the various committees of the association;

(b) To each member of the hostess committee, chaired by Mrs. V. A. Bingham, for their gracious entertainment of our wives and daughters;

(c) To the Robert Morris Associates for their important share in the success of the Congress;

(d) To the Chicago area newspapers—the American, the News, the Sun-Times, the Tribune, the Wall Street Journal, the Associated Press, International News Service, United Press, the Daily News Record of New York, the radio and television services, and others, for their accurate reporting.

J. H. DONOVAN

*Jones & Laughlin Steel Corporation,
Pittsburgh
Chairman, Resolutions and
Policy Committee*

Members: W. L. House, The Electric Supply Co., Atlanta; J. N. Jones, The Decatur & Hopkins Co., Boston; C. K. Kuehne, The H. D. Lee Co., South Bend; D. F. Sellards, Ellis-Klatscher & Co., Los Angeles. Secretary: E. A. Rovelstad, N.A.C.M., New York.

Credit Women Add 149 New Members; Four More Groups Chartered in Year

MEMBERSHIP gains and increased educational activity highlighted the thirtieth fiscal year's achievements, committee chairmen reported to the 300 credit women representing groups throughout the nation, who assembled for the 59th Credit Congress in Chicago. Credit education for women, one of their major objectives, was buttressed by 71 scholarships granted by the Credit Women's Groups, reported vice chairman Antoinette Rehrauer, Peerless Confection Company, Chicago.

One hundred forty-nine new members were added in the year. Organized in 1925 with 40 women, the Credit Women's Groups now have a total membership of more than 2,500, vice chairman Alta Sethaler, Central Electric Supply Company, Denver, reported. Four new Groups were chartered last year: Dallas, Nashville, Baltimore and San Antonio, bringing to 54 the total number of local Groups. Increasingly active in credit affairs, women now serving on the board of local associations number more than 81.

Miss Mary C. Mahon, Manufacturers Trust Company, New York City, president of the New York Credit Women's Group, accepted for her Group the plaque awarded by the National Association for the largest percentage of membership gain in the year.

Special programs centering around their activities were arranged for the credit women by Miss Mildred McCall, Walter H. Johnson Candy Company, Chicago, chairman of the local credit women's committee. Mrs. Beath Robinson, Williams & Voris Lumber Company, Chattanooga, chairman of the national credit women's executive committee, presided at the events, which included the annual banquet held on Wednesday evening in the Gold Room of the Congress hotel. Mrs. Lucille La Chapelle, banquet speaker, had for her subject, "You Are Better Than You Sound." At the industry credit groups' luncheon on Wednesday, Miss Sethaler, a vice chairman of the national executive committee, was moderator. Maggie Daly, fashion authority and television personality, was producer-commentator for the luncheon fashion show on Tuesday in the Conrad Hilton hotel.

Miss Marie Ferguson made the report as secretary-treasurer of the Credit Women's Groups of the National Association of Credit Men.

E. D. Ross, Portland, Ore. Headed National in 1932-33

E. Donald Ross, president, The Irwin-Hodson Company, Portland, Ore., printing and lithographing devices, has passed away. Mr. Ross was president of the National Association of Credit Men 1932-33.

W. E. Tarlton

Walter E. Tarlton, of St. Louis, former Brown Shoe Company executive, died at the age of 74. Mr. Tarlton had begun with the Brown Shoe organization in 1898, in the factory, and was secretary and a director at the time of his retirement in 1952. He was a past president of the St. Louis Association of Credit Men and a director of the National Association of Credit Men, 1926-30 and 1933-35.

J. A. McDonald, Sr.

John A. McDonald, Sr., retired wholesale grocer of Binghamton, N.Y., died at the age of 73 after a long illness. A past president of the Triple Cities Association of Credit Men (1933-35), then known as the Binghamton Association of Credit Men, Mr. McDonald had retired in 1951 from the McTighe Grocery Company, of which he was a co-founder.

Mrs. William B. White

A heart attack suffered while attending the Credit Congress in Chicago with her husband was fatal to Mrs. William B. White of Columbus. Mr. White, secretary of Smith Bros. Hardware Co., was vice chairman of the Hardware Wholesalers Industry Group meeting.

National's New Leading Family

On the opposite page: the new executive family of the National Association of Credit Men, officers and directors for 1955-56. The president and four divisional vice presidents are also directors, and past presidents C. Herbert Bradshaw, D. M. Messer, and Victor C. Eggerding are advisory directors. Asterisk preceding name designates newly elected director.

PAUL J. VIAL, N.A.C.M. President, Treasurer, Chattanooga Medicine Co., Chattanooga, Tenn.

A. EDWARD SOUTHWATE, Vice President, Eastern Division, Treasurer and General Credit Manager, The Philadelphia & Reading Coal & Iron Co., Philadelphia, Pa. (Reelected)

IRWIN STUMBORG, Vice President, Central Division, Assistant Treasurer and Credit Manager, Baldwin Piano Co., Cincinnati, Ohio.

J. ALLEN WALKER, Vice President, Western Division, General Credit Mana-

ger, Standard Oil Co. of California, San Francisco, Calif.

WILLIAM L. HOLMES, Vice President, Southern Division, Assistant Treasurer, Schlumberger Well Surveying Corp., Houston, Texas.

*JOHN QUINCY ADAMS, Vice President, Treasurer and Assistant Secretary, The Bessemer Limestone & Cement Co., Youngstown, Ohio.

*THOMAS J. ADAMS, Vice President and Credit Manager, Times-Picayune Publishing Co., New Orleans, La.

RALPH E. BROWN, Vice President, Marsh & McLennan, Inc., St. Louis, Mo.

*PHILIP H. DAVENPORT, President, Southern Equipment & Supply Co., San Diego, Calif.

JAMES H. DONOVAN, Assistant Treasurer, Jones & Laughlin Steel Corp., Pittsburgh, Pa.

JAMES D. FORD, Assistant Vice President, Weirton Steel Co., Weirton, W. Va.

CARROLL M. FREDRICKSON, General Manager and Treasurer, Korsmeyer Co., Lincoln, Neb.

OSCAR W. HARIGEL, Vice President, Houston National Bank, Houston, Tex.

*W. LE ROY HOUSE, Credit Manager, The Electric Supply Co., Atlanta, Ga.

F. M. HULBERT, Manager Credit Division, The Procter & Gamble Dist. Co., Cincinnati, Ohio.

JAMES N. JONES, Treasurer, The Decatur & Hopkins Co., Boston, Mass.

*OREN H. JUDD, Treasurer, West Coast Grocery Co., Tacoma, Wash.

FRANK C. KNAPP, Assistant Treasurer, Endicott Johnson Corp., Endicott, N.Y.

*LYSLE H. KOOGLE, President, Triangle Electric Supply Corp., El Paso, Texas.

*CHARLES W. KROENER, Credit Manager, Southern Indiana Gas & Electric Co., Inc., Evansville, Ind.

C. K. KUEHNE, Credit and Office Manager, The H. D. Lee Co., Inc., South Bend, Ind.

*LEONARD K. MORSE, Credit Manager, Bridgeport Brass Co., Bridgeport, Conn.

T. DOUGLAS OXFORD, Credit Manager and Assistant Treasurer, General Shoe Corp., Nashville, Tenn.

*HARRY C. PFOST, Divisional Credit Manager, Simmons Co., Elizabeth, N.J.

*DAVID F. SELLARDS, JR., Vice President, Treasurer, Ellis-Klatscher & Co., Los Angeles, Calif.

CLARENCE J. SWALEN, Secretary-Treasurer, Pako Corp, Minneapolis, Minn.

*G. T. THOMAS, Manager of Credits and Accounting, Sherwin-Williams Co., Chicago, Ill.

WILLIAM WANVIG, Secretary, Globe-Union, Inc., Milwaukee, Wis.

JAMES F. WELSH, Secretary, McCormick & Co., Inc., Baltimore, Md.

ELLIS C. WHEELER, Treasurer, Salt Lake Hardware Co., Salt Lake City, Utah.

W. SAMUEL WILSON, Treasurer and Assistant Secretary, United States Pipe & Foundry Co., Birmingham, Ala.

FREDERICK W. ZANDER, Assistant Treasurer, United States Plywood Corp., New York, N.Y.

N. A. C. M. Officers and Directors Named at Chicago Credit Congress



P. J. VIALL
President



A. E. SOUTHGATE
V. P. Eastern Div.



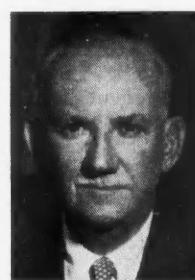
IRWIN STUMBORG
V. P. Central Div.



J. A. WALKER
V. P. Western Div.



W. L. HOLMES
V. P. Southern Div.



H. H. HEIMANN
Executive V. P.



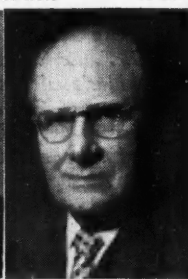
C. H. BRADSHAW
Immediate Past Pres.



D. M. MESSER
Past President



V. C. EGGERDING
Past President



E. B. MORAN
Vice Pres.



MISS R. E. HOCTOR
Treasurer



P. J. GRAY
Secretary



MRS. WOODRUFF
Asst. Treas.



J. Q. ADAMS



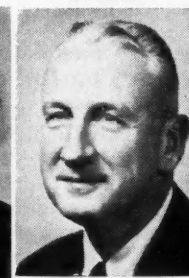
T. J. ADAMS



R. E. BROWN



P. H. DAVENPORT



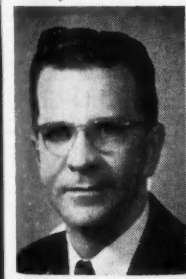
J. H. DONOVAN



J. D. FORD



C. FREDRICKSON



O. W. HARIGEL



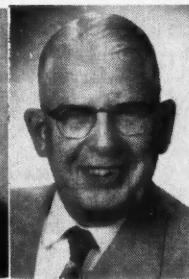
W. L. HOUSE



F. M. HULBERT



J. N. JONES



O. H. JUDD



F. C. KNAPP



L. H. KOOGLE



C. W. KROENER



C. K. KUEHNE



L. K. MORSE



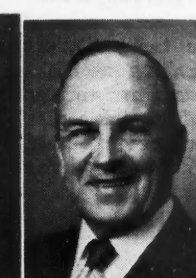
T. D. OXFORD



H. C. PFOST



D. F. SELLARDS



C. J. SWALEN



G. T. THOMAS



WILLIAM WANVIG



J. F. WELSH



E. C. WHEELER



W. S. WILSON



F. W. ZANDER

Collection Service

Our collection service facilities are now operating in 60 bureaus, handling tens of millions of dollars worth of delinquent accounts for our members. Our forwarding facilities are very extensive and claims are handled expertly, judiciously, and with excellent results. Frank Knapp, of Endicott, N.Y., has been chairman.

Adjustment Service

Our Adjustment Service has administered over 1,000 involved businesses this past year. Many of these have been rehabilitated, to remain profitable sources of distribution. Joseph Madden of Providence has provided leadership as chairman.

Credit and Financial Management

Our official publication has benefited from excellent contributions by our members to the contents of the magazine, especially the composite studies of practical problems of credit management. Emphasis has been given to the credit executive's responsibility today for the turnover of working capital and for the promotion of sales.

Herman Kessler of Louisville has done an outstanding job as chairman of this committee, with F. M. Hulbert of Cincinnati, vice-chairman.

Credit Manual of Commercial Laws

The Credit Manual of Commercial Laws is recognized everywhere as the "Credit Executive's Bible." This publication constitutes one of your association's greatest contributions to the solving of your day-by-day problems. Work is now underway on revision of the contents for the 1956 edition.

Henry Heimann's Monthly Letter

Our Executive Manager's Monthly Business Review is one of the most widely publicized reviews in the country, and one of the most widely quoted in the nation's press. Besides regular mailing of 35,000 copies circulated to members each month, the number of additional copies requested frequently surpasses that figure. Mr. Heimann's penetrating analyses of current conditions and problems constitute one of the greatest values of your membership.

Insurance Advisory Council

The Insurance Advisory Council has had another very active year. The members of this important committee have held meetings in Chicago and New York, at their own expense, and have rendered a constructive service of education to our members. Wallace Jeffrey, New York, has served ably as the chairman.

Canons of Commercial Ethics

The committee appointed to revise the Canons of Commercial Ethics has been working under the able leader-



LOCAL SECRETARIES receiving Lord Elgin wrist watches for top membership standings in their respective groups: R. C. Creviston, Central Wisconsin Assn. of Credit Men, Oshkosh—Class G; Don E. Neiman, National Assn. of Credit Men, Central Iowa Unit—Class F; G. E. Lawrence, Dallas Wholesale Credit Managers Assn., Inc.—Class B; V. L. Wright, National Assn. of Credit Men, So. Florida Unit—Class D; G. Royal Neese, National Assn. of Credit Management, Inc., Cherokee Unit, Chattanooga—Class C; J. N. Ham, Kansas City Wholesale Credit Assn.—Class A; A. D. Johnson, Credit Managers Assn. of Southern California, Los Angeles—Class AA; H. V. Vance, Tri-State Credit Assn., Albuquerque—Class E.

ship of Fred Zander, New York, to revise and condense our national statement of principles. The report and recommendations are now ready for the consideration of your national board of directors.

Committee on Cooperation with The Robert Morris Associates

The Committee on Cooperation with The Robert Morris Associates has completed development of a code of principles and procedure for cooperation between bank and commercial credit executives in exchange of credit information. Your national board has approved the declaration.

Frank Byrne of New York has been the "sparkplug" of our program, working with a committee of the Robert Morris Associates, of which William Edens of Chicago has been the equally active chairman.

Conclusion

In concluding this report let me express to all who have contributed to our successful operation, this association year, my heartfelt thanks. We are entering our 60th year of service. Let's rededicate ourselves, through sound credit practices, to the advancement of American commerce and, as loyal American citizens, to preservation of our priceless heritage.

Fuester Heads Credit Group of Frozen Food Processors

At its organizational meeting held during the 59th Credit Congress in Chicago, the National Frozen Food Processors Credit Group of the New York Credit Interchange Bureau elected W. E. Fuester, of C. A. Swanson & Sons, Inc., chairman.

Bernard S. Zipern, Louis L. Libby Food Products, Inc., was named vice chairman. Committeemen are C. L. Kooman, Sunkist Growers; C. I. Jamieson, Frozen Food Division, Stokely-Van Camp, Inc.; Steve Serafin, Snow Crop Division, Minute Maid Corporation.

A. R. Schroeder Directs Coal Mine Suppliers Group

A. Reed Schroeder, of Schroeder Brothers, Pittsburgh, has been named chairman of the National Coal Mine Suppliers Credit Group. Serving with Mr. Schroeder are: Miss Louise E. Langham, Flood City Brass & Electric Co., Johnstown, Pa., first vice chairman; Robert Jack, National Mine Service Company, Beckley, W. Va., second vice chairman; R. C. Heyrman, Allis-Chalmers Manufacturing Company, Cleveland, third vice chairman; and D. R. Meredith, The Credit Association of Western Pennsylvania, Pittsburgh, secretary. Mr. Schroeder was associated with The Farmers Bank in Pittsburgh before becoming an active partner in Schroeder Brothers.



A. R. SCHROEDER

Group members are manufacturers of equipment and suppliers to the mining industry. The quarterly meetings of the 15-year old group are held under the auspices of The Credit Association of Western Pennsylvania, Pittsburgh.

Motion Picture Industry Group

Samuel L. Silverman, Precision Film Labs, Inc., has been elected chairman, and Joseph A. Tanney, S.O.S. Cinema Supply Company, vice chairman of the Motion Picture Industry Credit Group of the New York Credit Interchange Bureau. Named to the committee are: Kern Moyse, Peerless Film Processing Corporation; S. C. Robbins, Movie-lab Film Laboratories, and Anthony Termini, Termini Editorial Services.



FIVE-YEAR Plaques, presented by Elmo Trimble (extreme left), National membership chairman, are received by (l to r) E. H. Kroening for Madison Assn. of Credit Men—Class G; Eugene C. Drake for Credit Managers Assn. of Erie—Class F; Richard F. Newton for Western Massachusetts Assn. of Credit Executives, Springfield—Class E; Ralph J. Waboski for N.A.C.M. Tri-State Area, Inc., Evansville—Class D; James J. McCormick for Nashville Assn. of Credit Men—Class C; C. Russell Poole for Tri-State Credit Assn., El Paso—Class B; W. E. Erickson for Minneapolis Assn. of Credit Men—Class A; and Charles W. Pritchard for Rochester Credit and Financial Management Assn.—Class AA.

Local Membership Leaders Get 5 and 1-Year Awards

WHEN C. Herbert Bradshaw, as N.A.C.M. president, reported to the Credit Congress in Chicago that a net membership gain of 637 had been made in the year ended April 30th, the announcement was greeted with extended applause, and for a reason.

The year had encompassed a period of adjusting for business as a whole, in the first half to three quarters of 1954, before the gradual upturn got underway.

The building of the total membership to 33,887 was recognized as mirroring intensive efforts of national and local committees, under the general leadership of Elmo Trimble, secretary-treasurer of The Wilson Paper Co., Los Angeles. Mr. Trimble was vice president of N.A.C.M.'s western division and chairman of the national membership committee.

The Royal Order of Zebras award to the individual making the greatest contribution to increased membership went to E. F. Gueble, of the Garrett

Supply Co., Los Angeles. Mr. Gueble was membership chairman of the Credit Managers Association of Southern California, winner of the Class AA one-year award, which it also had earned for the previous year and had shared with Pittsburgh in 1952-53.

El Paso (Tri-State Credit Association), which a year ago had won both

*Too many people run
away from something that
isn't after them.*

the one-year and five-year awards in Class C, repeated for five-year honors, this time in Class B.

The One-Year Awards

To the following associations went the one-year awards in the classes noted:

- Class AA—Los Angeles, Calif.
- Class A—Kansas City, Mo.
- Class B—Dallas, Texas.
- Class C—Chattanooga, Tenn.
- Class D—Miami, Fla.

- Class E—Albuquerque, N. Mex.
- Class F—Davenport, Iowa.
- Class G—Oshkosh, Wis.

The member making the largest contribution to increased enrolment wins.

Five-Year Awards

Sixty months of consistent and persistent attention to enlargement of service of the local credit association through an enlarging total membership brought honors to these units:

- Class AA—Rochester, N.Y.
- Class A—Minneapolis, Minn.
- Class B—El Paso, Texas.
- Class C—Nashville, Tenn.
- Class D—Evansville, Ind.
- Class E—Springfield, Mass.
- Class F—Erie, Pa.
- Class G—Madison, Wis.

To Indianapolis again went special honors for consecutive gain, this time for 157 months.

New York Credit Women's group showed the greatest percentage membership increase among the Credit Women's Groups, and Miss Mary Mahon, president, accepted the award.



ONE-YEAR membership award presentations: (l to r) Elmo Trimble, national membership chairman and western division vice president; Don E. Neiman, Des Moines, accepting plaque for N.A.C.M. Quad City Unit—Class F; R. L. Wollangk, Oshkosh, for Central Wisconsin Association of Credit Men—Class G; Jack Ogden for Dallas Wholesale Credit Managers Assn.—Class B; Joe Metz for Tri-State Credit Assn., Albuquerque—Class E; David Dillman for N.A.C.M. South Florida Unit, Miami—Class D; Noble McGuire for National Assn. of Credit Management, Inc., Cherokee Unit, Chattanooga—Class C; L. G. Snitz and John Winton for Kansas City Wholesale Credit Assn.—Class A; and E. F. Gueble for Credit Managers Assn. of Southern California—Class AA.



HONORED. Four pioneers in fight against commercial crimes receive testimonial awards: (l to r) John H. Jephson, John P. Maguire & Co., Inc.; W. G. Betsch, retired, William Iselin & Co., Inc.; Henry H. Heimann, executive vice president, National Association of Credit Men, who made the presentations; William Fraser, director, J. P. Stevens & Co., Inc.; and W. H. Pouch, chairman, Concrete Steel Co.

Judge Knox Lauds Credit Leaders For Driving Fraud out of Commerce

RAMPANT fraud and corruption spewed from the manipulations of the so-called "bankruptcy ring" of three decades ago have given way to decent and fair dealing in the market place, largely due to the fraud prevention work of credit leaders, Federal Judge John C. Knox told a 30th anniversary dinner gathering of the Fraud Prevention Department of the National Association of Credit Men, in New York.

Judge Knox, who had retired a fortnight earlier from the U.S. district bench for the Southern District of New York, was prevented by illness from addressing the business executives. His message was read by Sidney A. Stein, president of Congress Factors Corporation, chairman of the textile division's committee and dinner chairman.

Terming the achievements of the Fraud Prevention Department

"nothing short of phenomenal," Mr. Knox wrote that when he first went on the district bench he was appalled by the prevalence of commercial crookedness which "in some instances had the connivance of so-called reputable men."

"Each time that I sat in the bankruptcy branch of the court," the jurist declared, "I felt the need of a carboic bath. Despite my best efforts to improve the situation it seemed to grow worse."

"Then a group of credit men, headed by William Fraser (director, J. P. Stevens & Co., Inc., and one of four pioneers of prevention work who were especially honored), called to see me" and "outlined the purposes they had in mind. I felt as though a refreshing breeze had entered. The records of your organization tell the history of the things that have been achieved. The air of the commercial community has been purified."

In presenting the awards, Henry H. Heimann, executive vice president of the National Association of Credit Men, honored the early and current leaders and emphasized that there must be no abatement of the work against commercial fraud, just as a police department's services must go on to prevent resurgence of crime waves.

Honor Fraser, Betsch, Jephson, Pouch

Receiving certificates of merit and gold pins with Mr. Fraser were William G. Betsch, retired, of William Iselin & Co., Inc.; John H. Jephson, John P. Maguire & Co., Inc.; and William H. Pouch, chairman, Concrete Steel Company.

Judge Knox, in bespeaking the cooperation given him by the N.A.C.M. and the New York Credit & Financial Management Association, paid special tribute to Mr. Hei-

mann; to Mortimer J. Davis, executive vice president of the New York association; the late Charles Scully, who had headed the Department; Maxwell S. Mattuck, of Mattuck & Mattuck, counsel to the Department, and David E. Golieb of J. A. Deknatel & Son, Inc.

Mr. Fraser, who also underscored the continuing need of the preventive work, told how the textile trades in particular had suffered from the fraudulent bankruptcies of the 1920s.

John C. Fredell, Jr., director of the Department, saluted all who had cooperated in the service of honest business practice.

District attorneys, postoffice and F.B.I. officers, referees in bankruptcy, and special investigators were among the guests.

Mr. Stein, in a historical review of the Fraud Prevention Department's antecedents, inception and growth, told of the establishment of the million dollar fund in the mid-20's, when losses to the commercial crooks were \$160 millions a year. In the 30-year span, 4,322 cases have been investigated, 2,987 indictments and 1,738 convictions achieved.

Panel Points Responsibilities of Credit under Competition

How a commercial financing program to provide adequate working funds on a revolving basis can make a company a better credit risk than one without it, was explained by Howard Baltimore, assistant vice president, Walter E. Heller & Company, Chicago, speaking in Cleveland. Mr. Heller, participating in a panel discussion, "The Credit Executive's Responsibility in a Competitive Market," sponsored by the Cleveland Association of Credit Men at its annual meeting had as his theme "Factoring and Other Financing Tools."

Others who participated in the panel were: Carl D. Friebolin, referee in bankruptcy, Cleveland; E. L. Carpenter, vice president, Central National Bank of Cleveland, and Jesse A. Swaney, Harris-Seybold Company, president of the Cleveland Association. Paul Belcher, vice president and general counsel of the First National Bank of Akron, luncheon speaker, had as his topic "The Credit Atmosphere." W. W. Thomas, secretary, Campus Sweater & Sportswear Company, was panel chairman, and Douglas S. Clarke, vice president, Central National Bank of Cleveland, headed the general committee.

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Measuring Credit Department Effectiveness

How One Company Used a CRF Study

A SYSTEM of analytical credit reports which has proved particularly effective for a company that processes in excess of 1,800,000 orders a year, was demonstrated to his confreres at the Credit Management Workshop in Chicago by John R. Mueller, assistant to the treasurer, Carpenter Paper Company, Omaha.

The Carpenter organization blankets the western half of the United States with 32 separate office and warehouse locations. It stocks in excess of 18,000 separate items and all types of business establishments are potential customers.

In the exhibit at the right are excerpts from the series of reports.

The idea for review of orders from new accounts came directly from the publication *Measuring the Effectiveness of Credit Department Operations*, Mr. Mueller noted.

Prepared in the treasurer's office, the report is distributed to officers and key personnel at the executive office and to all managers.

The term SATISFACTORY (Exhibits B, C, D) refers to an internal rating plan used by Carpenter. The Carpenter system is based on Dun & Bradstreet ratings.

Exhibit B: Close to 40% of Carpenter's new accounts for the 13-week period were "satisfactory." These would be comparable to the general reference of "prime" (vs. "marginal") accounts.

Exhibit C: Almost 98% of the "satisfactory" or "prime" rated accounts were given open account credit.

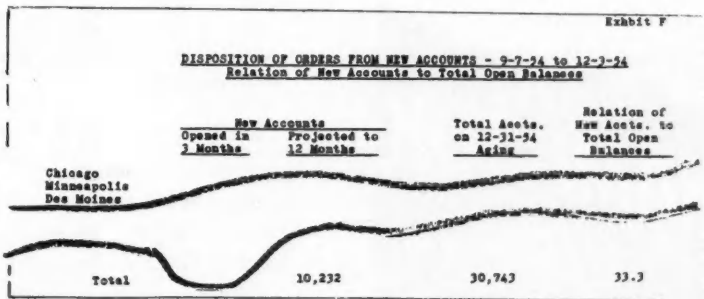
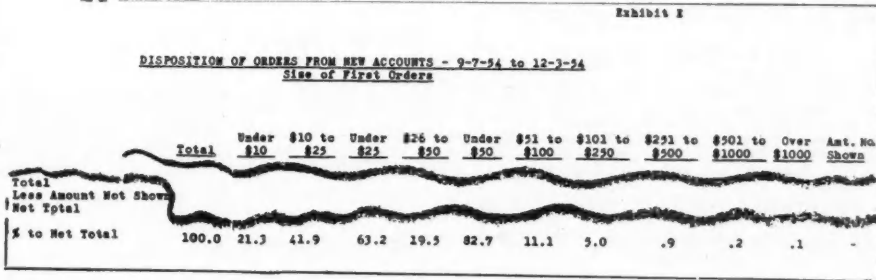
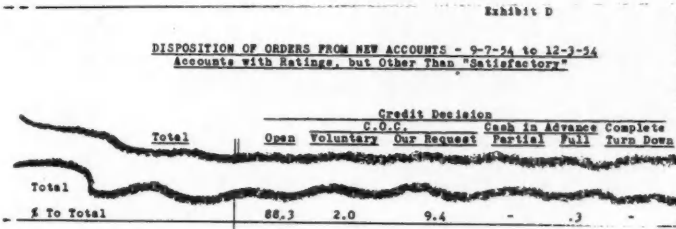
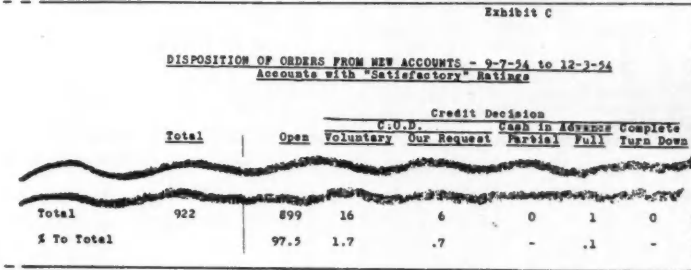
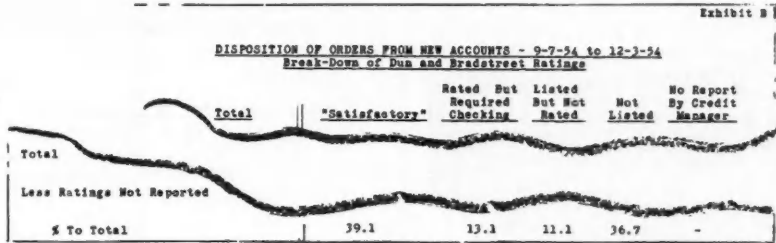
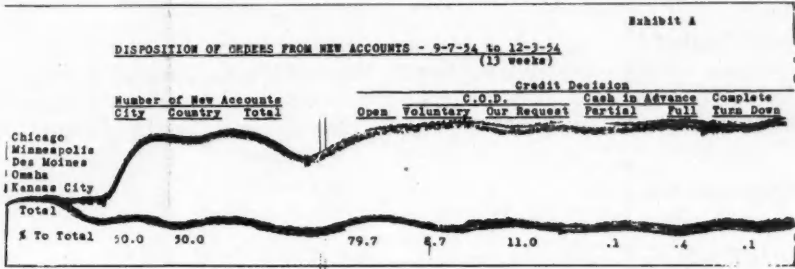
Note here that despite a "satisfactory" rating, one account was required to pay full cash in advance, indicating that apparently "prime accounts" sometimes have "bugs" in them.

Exhibit D: Note that over 88% of the "marginal" accounts were given open account credit with no complete "turn-down."

Exhibit E: It's a "small order" business—83% of the first orders under \$50—an indication of the volume of work performed by the credit department.

Exhibit F: This is a partial forecast of the credit department's activities for the next nine months and can be used as a measure of their accomplishment. It also gives the treasurer an estimate of the funds needed for the increased accounts receivables.

Note: All comments have been confirmed by Mr. Mueller. This entire presentation is with the permission of Carpenter Paper Company.



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HARRIMAN, NEW YORK

September 26-27-28

Credit Management Workshop

SAN FRANCISCO, CALIFORNIA

October 8-9

Pacific Southwest Annual Credit Conference

ELMIRA, NEW YORK

October 13-14-15

Annual Tri-State Conference comprising New York, New Jersey, Eastern Pennsylvania, District of Columbia, Delaware, Maryland and Virginia

MADISON, WISCONSIN

October 18

Wisconsin Annual State Credit Conference

CHICAGO, ILLINOIS

October 19

Illinois Fall Regional Conference

WICHITA, KANSAS

October 19-20-21

Quad-State Annual Credit Conference, including Kansas, Missouri, Southern Illinois and Oklahoma.

FORT WORTH, TEXAS

October 20-21-22

Annual Southwest Credit Conference, covering Texas, Louisiana, Arkansas, Oklahoma, New Mexico and Arizona

HARTFORD, CONNECTICUT

October 26-27

Annual New England District Credit Conference, covering Connecticut, Rhode Island, Massachusetts, Maine, New Hampshire, Vermont.

JACKSONVILLE, FLORIDA

October 26-27-28

Annual Southeastern Credit Conference, covering Tennessee, Mississippi, Alabama, Georgia, Florida, South Carolina, North Carolina, Louisiana.

PITTSBURGH, PENNSYLVANIA

October 27-28

Ohio Valley Regional Conference, covering Ohio, Western Pennsylvania, West Virginia, and Eastern Michigan

PITTSBURGH, PENNSYLVANIA

October 28-29-30

Midwest Credit Women's Conference

DALLAS, TEXAS

November 13-16

Robert Morris Associates' Fall Conference

CLEVELAND, OHIO

November 14-15-16

Annual American Petroleum Credit Association Conference.

H. K. Jorris Heads Toledo Civil Service Commission

Herbert K. Jorris, sales manager, Toledo Edison Company, and a past president of The Toledo Association of Credit Men, has been elected president of the Toledo Civil Service Commission.

Early in 1952 Mr. Jorris had been named to the civil service body for a full six-year term.

Bad Debt Loss in Food Field

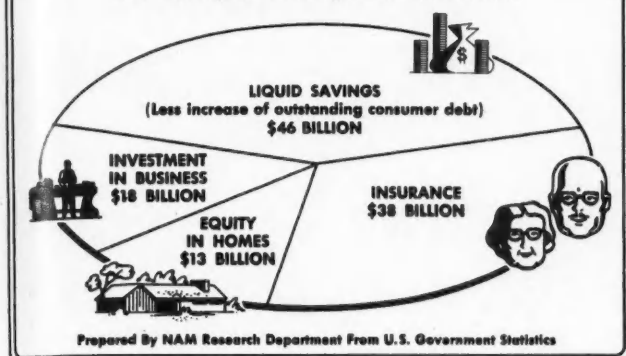
Average bad debt loss to food manufacturers for the year ending December 31, 1954, was \$179.63 per million dollars of sales minus recoveries, according to a survey conducted by the National Food Manufacturers Credit Division of the National Association of Credit Men. Eighty-five per cent of the total membership of 87 responded to the survey, reports J. W. Sattazahn, Scott Paper Company, Chester, Pa., chairman of the Group's operations committee.

School Board Candidate

Robert W. Francoeur, assistant credit manager, Nashua Corporation, Nashua, N.H., showed his community-mindedness by becoming a candidate for the Hudson School Board.

WHAT INDIVIDUALS HAVE DONE WITH THEIR POST-WAR SAVINGS

Total Savings 1946 through 1954—\$115 Billion



IS THE BANK OF OLD MATTRESS LOSING ITS SOCKS APPEAL? In the nine years 1946-1954 Americans not only saved \$115 billions out of their personal incomes but three-fourths of the amount went into liquid holdings, such as cash, bank deposits, savings and loan shares and government securities, reports the National Association of Manufacturers.

P. L. DAFOE

BEGUN ON P. 9

opportunities. Certainly, you should be ready to capitalize on these opportunities that refresher courses offer. You'll never find a better opportunity to sell the credit department to these young salesmen.

One of the best methods of accomplishing this purpose is to go back into your own case histories. Your files are full of them. Review these cases with your young men, these cases in which your company has helped struggling young companies who had a bright future but needed credit and didn't have the vital elements that would warrant giving them credit. Show them how you wrestled with the problem and came up with a workable answer. And . . . show them the aftermath, how the customer as he grew and prospered became such a friend that he couldn't be pried away from you with anything short of dynamite.

Show Sound Credit Works Two Ways

You will want to show them the other side of the picture too. Take them with you over the cases in which your company was offered business and, after careful consideration by the credit department, turned it down. Show them how time proved that it was good business for you to do so and how the company in question eventually went broke and jolted those of your competitors who had been willing to "take a chance." In other words, show them that sound credit methods work both ways.

In the refresher course, be sure also to drive home the fact that in many cases—especially the questionable ones—the salesman should discuss credit with a prospect. The biggest mistake the salesman can make is to back away from the subject and have the credit department later hold up the order pending correspondence and telephone calls.

Most customers expect the salesman to discuss credit terms with them. If the subject is not brought up, they are entitled to assume they will be granted open terms. Then, should a letter from the credit department arrive, they are going to be much harder customers to deal with than if the subject had been discussed when the salesman first talked to them.

The new salesman is going to open a lot of doors that his predecessor considered not worth another call. Many times a prospect's condition will have materially

improved and, although open terms cannot be granted, the Credit Department, working with the new salesman, will be able to find a way to handle the order.

It is inevitable that, in his first months with the company, the new salesman will be running into credit problems. It's up to us to prepare him in advance, to develop the personal relationship which will cause him to bring his problems to us before they become serious.

The secret of bringing about this happy state of affairs is to start early, to work with the young men while they are receiving their training and are willing to learn.

In the training courses it's a simple matter to get on a first-name basis with them, and to win their confidence and friendship. Once this relationship is established, your work becomes easier. And there will be other dividends. You'll know that the young men will be happier and more productive salesmen. And don't hide your light under a bushel.

H. J. DELANEY

FROM P. 10

spection, about the appearance of the customer's establishment, the type of merchandise he carries, the location, and sometimes about the quality and quantity of inventory. To the trained credit man, observations of this kind have their meaning and add to the overall appraisal of the credit risk.

Interwoven into the fabric of mutual understanding between the credit department and the sales department is the function of the credit executive as a public relations officer of his company.

There is no subject to which the customer or potential customer is more sensitive than the question of his credit.

If his business is financially sound and his credit requirements are reasonable, he is all too apt to consider it a personal affront if there is unnecessary delay in approval of his credit line.

This is especially true of new accounts which, no doubt, some perspiring salesman has been working for months to secure. Here the customer often thinks that he is doing the company a favor, as he may well be, by giving it a share of his business.

Dilatory or tactless action on the part of the credit department at this crucial juncture in customer relations may well destroy goodwill and put an almost insurmountable obstacle in the way of future business.

Even in the case of marginal or distinctly questionable accounts, the credit department should lean over backwards to make as palatable as possible any adverse ruling.

The credit department can often build goodwill with customers by providing unasked services, by suggesting new outlets or markets for their product, and by being scrupulously fair in matters of price and discount. In these and many other ways the credit department has unequalled opportunities to prove integrity and to show a deep-seated interest in satisfactory customer relationships. It is the accumulation of favorable impressions, many of which may be of minor significance at the time, which generates the overall lasting impression that the customer carries in the back of his mind. This is the essence of public relations and one of the major ways in which the credit executive and his staff can contribute to the success of their enterprise.

Considering the distance we have come and the rocky path we had to travel in the early years, we can be justly proud of the betterment to business which we have accomplished as credit executives.

UP THE EXECUTIVE LADDER



R. M. MEYERS



C. M. SIMONSON



C. A. SUMNER



R. A. REYNOLDS



W. W. McQUILKIN



L. A. ROBBINS



G. C. SCHUTZE

ROBERT M. MEYERS has been appointed assistant treasurer, Stromberg-Carlson Credit Corporation, Rochester, N.Y. Since joining Stromberg-Carlson in 1944 he has served as assistant chief, order and billing department; manager, priorities department, and credit manager of the Kansas City and Pacific Coast, San Francisco, branches. He has been with the credit corporation since July 1951. Earlier associations were with the City of Rochester and Bausch & Lomb Optical Company.

CHURCHILL M. SIMONSON has joined Infants Specialty Company, San Francisco, as controller. In addition to his regular duties he will coordinate operations of the branch offices and warehouses of the company in four western cities. He was previously with Chicopee Manufacturing Corporation, an affiliate of Johnson & Johnson, New Brunswick, N.J., for 13 years as assistant treasurer, assistant controller and general credit manager. He attended the N.A.C.M. Graduate School of Credit and Financial Management at Madison, Wis., 1947-49.

CHARLES A. SUMNER, vice president of Bird & Son, Inc., East Walpole, Mass., has been appointed a director of the company. He went with the company in 1933, was credit manager and assistant treasurer 1950-54 and served as executive assistant to the vice president, flooring division, before becoming vice president of the floor covering division in January of this year. Richard P. Chapman, president of Merchants National Bank of Boston, also has been named a director of Bird & Son.

RALPH A. REYNOLDS, credit manager of The Thew Shovel Company, Lorain, Ohio, has additionally assumed the responsibilities and title of assistant treasurer of the company. Since going with the Thew organization in 1920 after attending

Fenn College, Mr. Reynolds' career stems from various departments. He served as mid-Atlantic district sales manager and as federal district sales manager in Washington for nine years.

WILLIAM W. McQUILKIN has been appointed a vice president of Bausch & Lomb Optical Co., Rochester, N.Y. He will continue his former responsibilities as treasurer and a director. A Rhodes scholar and holder of bachelor's and master's degrees of both Princeton and Oxford universities, Mr. McQuilkin practiced law in New York before joining Bausch & Lomb in 1938 as head of its legal department. He was made secretary in 1943, treasurer in 1949.

L. A. ROBBINS has joined Lindsey-Robinson & Company, Inc., Fair-Acre division, Roanoke, Va., as finance manager. He previously was general credit manager of Burrus Mills, Dallas, for seven years. In his new post he will supervise financial relations with the company's franchised dealers in seven states and will counsel on dealer fiscal management and credit. A native of Texas, he is a past president of the Texas Feed Manufacturers Credit Men's Association and a member of the Texas-Oklahoma Flour Millers Credit Men's Association.

ROY W. NEWMAN, formerly chief accountant, has become vice president and treasurer, General Binding Corporation, Chicago.

MANNING E. CASE has been elected secretary and treasurer, Perfection Stove Company, Cleveland, and continues his duties as general counsel. He succeeds PAUL T. SKOVE, who retired after 45 years with the organization. In June, 1952, Mr. Case went with Perfection Stove as general counsel and was made assistant secretary a month later. He pre-

viously had been associated with B. F. Goodrich Company, Akron. In World War II he was assistant chief of claims in the India-Burma theater.

The board also advanced JOHN H. FOSTER to assistant secretary and assistant treasurer, from controller.

GEORGE C. SCHUTZE has been appointed executive vice president, The Walter Tips Company, Austin, Texas. He began in 1945 as assistant in the credit department following service in the Eighth Air Force, was named credit manager in 1950, then advanced to secretary and vice president. He holds the Executive Award of the Graduate School of Credit and Financial Management, Dartmouth, and was recipient of the Paul G. Hoffman Merit Award.

THERON D. HYATT has been appointed assistant treasurer of Walworth Company, New York City. He began with the company in 1941 as general credit manager and last year was made assistant secretary of Walworth International Company, a subsidiary. Prior associations were with the Chappaqua (N.Y.) National Bank as assistant cashier and with Reader's Digest. He attended Dartmouth College, the Eastman Financial Management Institute and the New York Institute of Credit.

LEWIS W. CABOT, vice president and treasurer of Godfrey L. Cabot, Inc., Cambridge, Mass., and its subsidiaries, has become a director of Arthur D. Little, Inc., industrial consulting and research firm.

W. R. BOYER has been promoted to treasurer, A. E. Staley Manufacturing Company, Decatur, Ill., succeeding to the post vacated by the death of Ray S. Bass on March 8th. He began with the company in 1934 as an accountant, advancing to assistant treasurer in 1943 and controller in 1948. He is a graduate of the University of Illinois.